

COMPARATIVE STUDY OF PRIVATE INDUSTRIAL
AND THE NAVY SUGGESTION AND AWARD SYSTEMS
FOR BOTH CIVILIAN AND MILITARY PERSONNEL.

Frederick Julian Becton

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COMPARATIVE STUDY OF PRIVATE INDUSTRIAL
AND THE NAVY SUBORDINATION AND ARMED
SYSTEMS FOR BOTH CIVILIAN AND
MILITARY PERSONNEL

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CHAPTER I

INTRODUCTION TO THE STUDY OF SUGGESTION SYSTEMS

Suggestion systems are not new. They have existed as such since 1880 when the William Denny Shipbuilding Co. of Dumbarton, Scotland, inaugurated the first formal program. The National Cash Register Co. established a similar system in this country in 1894. Four years later the Eastman Kodak Co. and the Bausch and Lomb Optical Co. followed suit in launching suggestion programs. In the ensuing years before the recent war many systems were started, flourished for a while, and then died. The reasons for this, according to one suggestion plan authority¹, were as follows:

1. Supervisory resistance and indifference on the part of management.
2. Lack of know-how -- proceeding on a hit or miss basis rather than establishing a sound policy before installing the program.
3. Inadequate rewards for adopted ideas.
4. Carelessness and undue delay in handling suggestions.
5. Lack of an educational program to teach employees how to submit quality suggestions.

The Suggestion Plan really came into its own during World War II. Of the 1561 such systems in operation in the United States one year after the Pearl Harbor attack 1400 had sprung into being during the first twelve months of the war. R. C. Hilton³ has said of it:

1. Denz, F. A., Why a Suggestion Plan?, American Management Production Series 165, page 3.
2. Hilton, R.C., "Cash Profits in Suggestion Plans", ^B Barron's, Sept. 3, 1945, p 7

"When a new development in business, nurtured and expanded during the war, proves its worth by saving millions of dollars a year, shortens the war, and at the same time induces added cooperation and understanding between labor and management, then that new development is here to stay!

Such is the record of the Employee Suggestion Plan idea now in use in hundreds of businesses and government agencies throughout the country. It represents one of the biggest boons to American industry to arise out of this war, and its part in assisting the U.S. to compete successfully in the post war competitive markets without lowering present standards of living cannot be under estimated."

More recent progress of the Suggestion Plan is reported in The New York Times. As late as March 3, 1946, it commented as follows:¹

"Many business organizations throughout the nation which failed to install scientific employee suggestion systems during the war have been so impressed by their wartime performance, both in effecting savings in production costs and improving industrial relations, that widespread adoption of such systems has been effected since V-J day with an increasing number of concerns now engaged in setting them up."

The Navy inaugurated a plan for its civilian employees in 1918. It is administered by the Office of Industrial Relations in the Navy Department. The authorization for the Secretary of the Navy to pay cash awards is incorporated in Public Law 600, 79th. Congress, and by Executive Order 9817 of 31 December, 1946. These legal documents outline the rules for uniform award payments for civilian employees of all the government departments. A definite limit is placed on the total award payments that can be made annually for all departments except the Army and Navy.

A National Association of Suggestion Systems was established in the summer of 1942 by a group of executives who realized a definite need for such an agency. Its headquarters are in Chicago. Its membership includes some of the nation's largest corporations with a long

¹ Zipser, Alfred R. Jr., "Suggestion System Wins Wide Adoption," (New York Times, March 6, 1946, p. 6F.

history of successful suggestion system operation. The Association conducts periodic surveys on various aspects of the suggestion plan. It holds national conferences each year and regional conferences at regular intervals. There is an exceptionally free exchange of ideas among the members of the Association, especially at their periodic conferences. They publish a colorful quarterly magazine of the proceedings of each of these meetings. The Navy Department maintains a membership in the Association through its Office of Industrial Relations. Navy representatives attend the periodic meetings. In this way the Navy's representatives keep in close touch with the Suggestion Plan administrators in the various industries.

The National Association of Suggestion Systems, which will frequently be abbreviated NASS in the ensuing pages, provides its members with statistical results of its various surveys. In this manner the Office of Industrial Relations can compare the Navy's program with those of various industries. There has never been, however, to the writer's knowledge an evaluation of the Navy's Beneficial Suggestion Program since its inception. This report will attempt to compare the effectiveness of the Navy's Beneficial Suggestion Program with those of a representative number of prominent companies throughout the country operating successful systems.

The Navy does not have a similar program with cash awards for its personnel in uniform. This will be discussed in detail later in this report.

CHAPTER II

DETERMINING CRITERIA FOR COMPARING SUGGESTION SYSTEMS

The problem of how best to evaluate the Navy's suggestion program evolved itself into finding the solution to two separate questions. These are:

1. What are the criteria by which a good suggestion program may be measured?
2. Having determined what these criteria shall be, how does the Navy's program measure up to a group of the nation's major corporations and companies with a long history of successful suggestion system operation?

The criteria established by most of the Suggestion Plan authorities agree in principle fairly closely. The proponents of certain policies for Suggestion Plan administration are injected into their "musts" for a successful system. The insistence on anonymity of the suggester is one such instance. H. C. Marmaduke, who manages the Employees' Suggestion System for the Illinois Central Railroad heads his list of six such requisites with that provision. He contends the following are necessary to operate a plan successfully:¹

1. Anonymity of employee up to the time of the award.
- ✓ 2. Active enthusiastic backing of management.
- ✓ 3. Generous awards.
- ✓ 4. Full-time supervision.
- ✓ 5. Utmost fairness and thoroughness in the consideration of ideas.
- ✓ 6. Company-wide faith in the plan combined with a willingness on the part of all actively engaged in its direction to work hard and to really want to put over the enterprise.

Another authority, Neil M. Clark, in an article entitled "Why Suggestion Systems Fail" lists three basic requisites for a successful employee suggestion plan as follows:

Marmaduke, H. C., "Suggestion System Turns up Thousands of Efficiency Ideas for Illinois Central", Sales Management, March 1, 1943, v. 52;5, page 25.

1. The open-mindedness of management, and the serious desire for the ideas of employees.
2. The willingness to consider thoroughly the ideas that are offered, no matter whether they seem good or bad at first glance; and the intention in any case to let the employee know the decision and the reason for it.
3. The desire to reward fairly the man who makes the suggestion if it has any value.¹

The management of the Eastman Kodak Co. feels that four things are most essential to success of the suggestion system.² These are:

1. The hearty cooperation of the executive force which has its effect on all supervision.
2. A square deal to each and every suggester.
3. Liberal and prompt awards on all approved suggestions.
4. A full explanation of the reasons behind each rejection.

Still another writer with long experience in Suggestion Plan operation with United Air Lines and Remington Rand, F. A. Denz, emphasizes five major requisites for operation of a successful Suggestion Plan. These are as follows:³

1. Complete cooperation of top management.
2. Complete cooperation on the part of all supervision.
3. Facilities to put the plan into operation and to maintain it efficiently.
4. The know-how in operation, or the determination and mastering of the many details which make up the successful whole in employee suggestion plan administration.
5. The appointment of a suggestion-plan administrator who thoroughly understands the philosophy of suggestion plans, who has the courage of his convictions and the confidence of management.

Another administrator of the Suggestion Plan in one of our major manufacturing corporations, J. M. Jerpe, says of its program,⁴ "Much of the effectiveness of the General Motors plan is due to its simplicity, completeness of details and the "push" applied to keep enthusiasm at a high pitch".

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1. Clark, Neil M., "Why Suggestion Systems Fail" Systems Magazine, September 1919, v.36;3, pp.404-407.
 2. National Industrial Conference Board, Personnel Series No. 43, p. 46
 3. Denz, F.A., Ideas from Employees, page 16
 4. Jerpe, J.M., "Thought Suggesters Boost Flow of Suggestions", Factory and Management, July 1944, v.102;7, page 92

The necessity for giving the necessary "push" to the program was again emphasized in an article in Business Week, stating that "in the past 95% of the suggestion systems were either still-born or died within the first year -- mostly for lack of consistent and powerful plugging".¹

By far the most complete and comprehensive list of essentials for successful operation of a suggestion plan which the writer has encountered is from the National Industrial Conference Board Personnel Series 43 "Employee Suggestion Systems -- Formal Plan for Compensating Employees for Constructive Ideas". These requisites are as follows:

- " 1. Recognize in some measure the suggestions of supervisors.
2. Investigate each suggestion thoroughly.
3. Be sure that decisions of the Suggestion Committee are absolutely impartial.
4. Pay fair awards and err on the side of liberality in case of doubt.
5. Publicize problems on which management is thinking and ask for ideas on these problems.
6. Insist on fairness and a square deal to every suggester.
7. Eliminate unnecessary delays in answering suggestions and making decisions.
8. Explain to employees how awards are determined.
9. Follow up adopted suggestions to make sure they are actually put into effect.
10. Conduct a continuous advertising program that keeps the Suggestion System constantly before the employees.
11. Secure the active interest of the chief executive.
12. Get the whole hearted cooperation of the entire supervisory force.
13. Select a person of broad experience, recognized ability and fairness to head the suggestion administration.
14. Pattern the suggestion system to the individual organization." 2

1. Business Week, December 19, 1942, v-;694, page 82.

2. National Industrial Conference Board, Personnel Series No. 43, p.12.

CHAPTER III

REVIEW OF THE LITERATURE AND IMPORTANT PREVIOUS STUDIES

The literature that specifically concerns the Suggestion Plan is confined, for the most part, to articles in magazines and trade journals. There have been but three books actually written on the subject so far as the writer can ascertain. Textbooks on personnel administration usually devote a few paragraphs to the Suggestion Plan. Occasionally one has devoted an entire chapter. The American Management Association is more generous and two of its Production Series (Nos. 142 and 165) are devoted entirely to Suggestion Plans. The NASS Quarterly is a fruitful source for information on the manner in which suggestion systems of various companies are administered. Also the National Industrial Conference Board conducts occasional extensive surveys and reports them in its Personnel Series. The latest of these, No. 43, covered the suggestion plans of twenty-three companies.

These studies, and the periodic ones which the National Association of Suggestion Systems conducts, are the only important ones the writer has discovered. The Ferrel-Birmingham Co. of Ansonia, Connecticut, did make one on a much smaller scale than those of the National Industrial Conference Board and the National Association of Suggestion Systems. The results of this survey were reported in *Factory and Management*, May 1945.¹ The conclusions reached in this particular survey were as follows:

1. Hendrickson, A.W., "Analysis of Suggestion Award Practices", Factory Management and Maintenance, v.103;5, May 1945, pp. 110-112.

"Companies that want to improve the effectiveness of their suggestion systems should stimulate employee participation so as to receive more and better suggestions. Although the formulas used by companies in calculating the amount of the award to be granted differ substantially, there are relationships between the award practices of companies and the effectiveness of their employee suggestion plans. The major relationships are:

1. The granting of low minimum awards, sometimes called token awards such as some companies offer for safety suggestions, tend to increase the total number of suggestions received.
2. The granting of even an occasional high award also tends to increase the number of suggestions received.
3. As the number of suggestions received increases the acceptance rate tends to increase. (Part of the increase in the acceptance rate may be attributed to the granting of token minimum awards.)
4. As the number of suggestions received increases the average award tends to decline. (Part of the decline may be attributed to the granting of token awards by companies receiving a large number of suggestions.)

CHAPTER IV

DEVISING, ADMINISTERING AND RECORDING RESULTS FROM QUESTIONNAIRE

The questionnaire was constructed with two objectives in view. The first was to bring out a number of the salient points on which there is general agreement as to their necessity in a successful suggestion program. The returns were expected to show the concensus of policies of a representative group of companies for purposes of comparison with the Navy's policies. The second was to ask specific questions in certain areas wherein it appeared to the writer the Navy's program might be definitely superior or possibly inferior. One group of questions for instance dealt with the matter of making the suggester feel his importance to the company. The Navy provides its various activities with certain suggested media of proven value for accomplishing this particular job. A specific question in this area concerned the particular company official which presents the award. This whole topic will be developed in the discussion of the various areas of questions. It, like many others, was included to investigate the various techniques used by the different companies for accomplishing this important function. Worthwhile ideas reported in the questionnaire or encountered in the literature reviewed will be mentioned at times in the discussion of the various questions. They may be of possible value to Navy Department personnel responsible for administration of the Navy's suggestion program.

The questionnaire was sent to fifty-one companies that were known to have suggestion plans in operation. The approximate length of time the Suggestion System had been in operation was known in the case of many of the companies surveyed. It was considered that the

policies for those companies with a long record of successful suggestion plan operation would be the logical ones to examine in establishing standards for operating a suggestion plan. The policies of many such companies will be stressed in the discussion following certain questions.

A few of the companies contacted, although old established concerns, reported that their suggestion plan had been in effect only a short time. It was interesting to note the similarity in policies within different industries. The suggestion plans of the three air transportation companies surveyed closely paralleled each other. One major automobile manufacturer that has had a suggestion plan a comparatively short time has patterned its plan to practically emulate that of its chief rival in the automotive industry.

A statement was made at the top of the first page of questions to the effect that the information desired was for the latest 12-month period on which the company had complete information. This was particularly applicable to the question concerning the number of employees in the company, the number of suggestions received, the percentage of suggestions adopted, etc. One company gave the total number of suggestions for the past six years ; another for the past nine years. Others gave it for a three or four month period. Such returns were not counted in scoring that particular question. No mechanical equipment was used in arriving at totals. Questions were scored separately by tallying answers.

Returns from the questionnaire were considered quite good. ~~Of~~ the 51 companies contacted, replies were received from 41 of them. One of these outlined the new system that had just been inaugurated in the company. This will be mentioned later in the discussion of the various plans. Another large company with many subsidiary plants

wrote that it did not coordinate the performance of the Suggestion Plans of its separate plants. Such a statement is a bit difficult to believe in one of the country's major enterprises.

The return of 41 questionnaires in 51 is slightly greater than 80%. Some of the companies sent detailed copies of their complete plan. Other explained some of their policies in covering letters. Many included copies of the suggestion plan booklet that is given to all of its workers. Five of them requested copies of this finished report.

The types of businesses in which the 41 companies covered in the survey are engaged are listed as follows:

TYPE OF BUSINESS	NO. OF COMPANIES
Air Transportation	3
Manufacturing Chemists	2
Automobile Manufacturers	2
Cellulose Acetate Products	1
Chemical and Photo Supplies	1
Communication Equipment Manufacturers	3
Railway System	2
Die Casting	1
Electrical Equipment Manufacturers	2
Electro-medical and X-ray Equipment Manufacturers	1
Food Manufacturers	2
Manufacturers of Foundry Equipment	1
Manufacturers of Heavy Machinery	1
Illumination Equipment Manufacturers	1
Meat Packers	1
Newspaper and Radio	1
Optical Equipment Manufacturers	1
Office Equipment	1
Petroleum Products	2
Photographic Material Manufacturers	1
Rubber products	2
Steel Manufacturers	2
Steel Plate Fabrication	2
Storage battery Manufacturers	1
Roller bearing Manufacturers	1
Valves and plumbing equipment manufacturers	1

CHAPTER V

ANALYSIS OF RESULTS

In comparing the Navy's suggestion program with those of the companies surveyed it was desired to bring out the latter's policies on certain aspects of their systems through inquiries in the questionnaire. Some of the factors on which there is fairly general agreement in the list of fourteen selected requisites, such as the necessity for the backing of top management, were not covered in the questionnaire. These will be mentioned in the discussion, however, with supporting statements of opinions and policies by recognized Suggestion System administrators, Navy Department Suggestion System rules, etc. For other criteria where there was likelihood of divergent policies several questions were asked to try to get a representative consensus of opinion by which to gauge the Navy's policy on a particular criterion.

In analyzing the results of the questionnaire survey the requisites for the successful operation of a suggestion system will be indicated by Roman numerals and will be underlined. The discussions of the various questions covering each of these necessary requisites will be numbered consecutively using Arabic numerals. The question, with its corresponding number, as it appeared in the questionnaire will be stated and will be single-spaced to make identification easier. Questions were grouped consecutively to facilitate answers in some parts of the questionnaire; otherwise they were interspersed at random with no particular pattern. Where two or three closely related questions occur consecutively they will be discussed together.

I. The first of the criteria by which the comparison is to be accomplished is as follows: "Recognize in some measure the suggestions of supervisors."

The Navy's suggestion program is for supervisor and non-supervisor alike. Its policy in this regard is stated as follows:¹

"The (Navy) Department attaches great importance to the submission of constructive beneficial suggestions by civilian employees, both supervisory and non-supervisory, and looks to each activity to institute and conduct a suggestion program as an integral part of the Navy's industrial relations program."

One of the Navy's activities, the Puget Sound Naval Shipyard at Bremerton, Washington, reiterates this policy in its suggestion system booklet for its civilian employees in stating:²

"Yes, the BENEFICIAL SUGGESTION program is open to all—from the master of the shop to the novice — from the senior IVb supervisor ('white collar' worker whose maximum salary can be \$10,000.00 per year) to the GPC-1 (lowest salaried clerical worker)".

Of the three levels of personnel in any organization — top management, supervisors, and workers — it is a fairly universal rule among companies operating suggestion systems that the top executives, including factory managers and superintendents, are not eligible to receive suggestion awards. They are expected to develop new ideas along any line within the range of the company's business. Many of these share in the very generous bonuses paid each year from the company profits.

It is to the workers that management looks for the great bulk of its suggestions, including ideas that have to do with their own regular, daily work. In the supervisory hierarchy between these two extremes however, there is no universal agreement. This group includes

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1. Navy Civilian Personnel Instruction, Instruction 25, May 19, 1948, page 1.
 2. Suggestion System, Puget Sound Naval Shipyard, Bremerton, Washington, page 5.

such workers as time and motion study analysts, draftsmen, inspectors, quality control and production men, foremen and assistant foremen, engineers, etc.

The managers of a suggestion system which had, like many other companies, arbitrarily excluded all such employees from their program, had this to say after operating under the restricted program:¹

"We excluded foremen, assistant foremen, time study, tool engineering, and trouble shooting employees from receiving suggestion awards. We felt that these men had an advantage over other employees because they were able to move freely about the many buildings. But when we stopped paying them cash awards, they stopped sending in suggestions. Nor did it appear that new ideas were flowing through other channels than the Suggestions System and being put into operation with the regularity that was formerly the case. After much discussion we decided that our primary purpose in setting up this system was to secure good ideas from these people and that they should be paid awards based on whether or not their suggestions came within their line of duty. If they did not, an award was paid. As a result of this action both the quality and quantity of the suggestions has radically improved."

Mr. Herman Seinwerth who has had much experience in administering the suggestion program for the vast meat packing enterprise of Swift & Co. echoes this same opinion in stating that:

"Everyone on the pay roll should be eligible to submit suggestions regardless of rank or position. If the promotional aspects of the suggestion plan are any good at all in stimulating the constructive thinking of nonsupervisory employees, then certainly there will be the same stimulation amongst management personnel. It is true that it should not be necessary for supervisors to submit their suggestions through the suggestion plan because they have other channels for submitting their ideas for improvement. On the other hand, experience in numerous installations has proved conclusively that more ideas are received from management employees if they are permitted to utilize the suggestion plan when they desire." 2

In answer to the question

1. Is a company executive who makes a great money-saving suggestion rewarded in the same manner as any other company employee? If not, what sort of recognition is he given?

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1. Suggestion Systems; National Association of Suggestion Systems, 1944, page 24.
 2. Seinwerth, Herman W., Getting Results from Suggestion Plans, (McGraw-Hill Book Co., Inc., New York, 1948), page 48.

only four of the forty-one companies that answered the question stated the executive would be eligible for an award. The other thirty-seven companies stated that he would not. Six of the latter group said that he would be considered for promotion and a salary increase. Four others indicated he would be considered for a salary increase without specifying consideration for promotion. Eight companies stated a letter of appreciation would be addressed to him from an appropriate top management official. One company said it would pay 2/3 of the usual amount of the award if the idea does not pertain to his own work. Another company awards a "silver pin for savings between \$2500 and \$5000" and a "gold pin for savings of \$5000 and over".

In asking this question it was desired to establish a parallel between the business executive and the naval counterpart, either the commissioned officer or a high ranking civilian employee.

The civilian employee, whatever his rank, is included in the Navy's Beneficial Suggestion Program. He is eligible to receive cash awards for his suggestions that are adopted. His idea may be such an outstanding one that he further qualifies for a "Distinguished Civilian Service Award", "Meritorious Civilian Service Award" or "Superior Accomplishment Pay Increase". The first of these is the highest award that is made by the Navy Department for outstanding civilian service. The award consists of a lapel emblem and a certificate from the Secretary of the Navy. The "Meritorious" one is the second highest award the Department gives for outstanding civilian service. This also consists of a lapel emblem but the certificate is signed by the commanding officer of the activity. The "Superior Accomplishment Pay Increase" is a reward for superior accomplishment and outstanding performance extending over a period of time or for

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a special act or service of unusual attainment. Although these rewards do not come within the purview of the Beneficial Suggestion Program, an adopted suggestion may be used as supporting evidence in recommendations for any of these three incentive awards.

There is no provision whatever to pay any military personnel of the naval service for their suggestions. They may receive a commendatory letter for their suggestions. This may prove of value to an officer when his record is reviewed incident to his consideration for promotion. Such letters tend to have much more effect on an officer's promotion than they do for advancement of enlisted personnel, however.

Attempts have been made as late as January 1948 to extend these cash awards to the personnel in uniform. At that time the Comptroller General was asked by the Secretary of the Navy at the instigation of the Deputy Chief of Naval Personnel, for a decision on the interpretation of the Navy Appropriation Act, 1948, pertaining to funds allocated to the Navy's "Training, Education and Welfare" program. The Comptroller General was specifically requested to render a decision as to whether or not in his opinion, these funds could be made available to meet expenses in awarding cash prizes for constructive suggestions and inventions to enlisted and officer personnel of the Navy. This effort was to no avail. The Comptroller General in his reply stated that "there appears to have been no intent to enlarge or extend these former provisions " to provide such authority.

3. The other two questions on this subject were as follows:

36. Are any members of your organization specifically barred from participation in your employee's suggestion program? Please state who is barred and basic reason for so doing.

The answers to these questions showed that the great majority of programs did bar certain personnel from participation therein. One

company lists these as "supervision, engineering personnel, and certain other employees whose duties are of a discretionary nature." Two other specified engineering and advertising employees whose duties include creative contributions". Three of the largest corporations in the country with 30, 42 and 43 year old suggestion programs bar no one from their plan. A fourth major corporation with 40 years of suggestion plan experience still bars its executives from the program, however. Suggestion committee members are barred in some of the companies. One steel manufacturing company holds "that any major supervision responsibility for improvement covers all phases of operations and salary rate is commensurate compensation".

II. The second on our list of criteria is: "Investigate each Suggestion Thoroughly."

The Navy Department outlines the following policy to govern the actions of the suggestion administrators in its 115 activities:¹

"Upon determination that a suggestion has merit and local usefulness, it will be investigated promptly by the recorder, by part-time or full-time investigators, or by persons loaned from shops or departments. Investigators should:

- a. Interview the supervisor, foreman, engineer or person in charge of the particular piece of work affected by the suggestion to determine the desirability of putting the idea into operation. Suggestions which involve safety will be referred to the local Safety Office.
- b. Assemble cost estimate in man-hours and material for the present method and for the suggested methodAll computations should be shown. "Overhead" or "Burden" should not be considered. Cost of adoption should be shown.
- c. Collect information about intangible benefits, such as better product, safety, morale, etc., that will accrue from the adoption of the suggestion.
- d. Compile all pertinent information for appraisal by the Committee."

Although no question on this subject was included in the questionnaire, the remarks volunteered by some of the reporting companies were interest-

1. Navy Department, Navy Civilian Personnel Instructions, Instructions 25, May 19, 1948.

ing. One very large company that did not return the questionnaire commented as follows:

"On the 1st. of January, 1948, our Suggestion System was revised, and we are operating what we term a 'streamlined' system to expedite receipt, investigation, and return of various suggestions from our different departments. All suggestions are now signed by the Suggester and processed through the Engineering Department. After investigation by qualified inspectors, personal letters are then sent to the Suggester, giving either a clear and concise reason for rejection, or notification of adoption of suggestion with check, amount of which is based on 10% of the first year's savings."

An electrical equipment manufacturer states:

"We have found that a full time Suggestion System Secretary in a large plant pays his own way plus because of the savings from suggestions. When the Suggestion System is an "extra chore" for several persons, there is not enough time spent on it to do the job properly. Consequently suggestions are not acknowledged, reviewed or paid promptly."

III. "Be sure that decisions of the Suggestion Committee are absolutely impartial". This is the third in our list of criteria. No question was asked in the questionnaire to cover this aspect of the program.

The Navy is keenly aware however, of the importance of fairness in dealing with its suggesters. In the matter of the committee membership the Department outlines the following policy:¹

"The membership of the committee will be so constituted that it will be able to evaluate suggestions which are of a technical, mechanical, administrative, production or clerical nature. This will necessitate the placing of qualified representatives from the major departments or divisions on the committee."

One naval activity (the Norfolk Naval Shipyard) which apparently has a very active suggestion program has 50% of the membership of the Committee on Awards from management and 50% are employee representatives. Another naval activity (the Naval Gun Factory, Washington,

1. Navy Department, Navy Civilian Personnel Instructions, Instructions 25, May 19, 1948, page 4.
2. Ibid., page 8

D.C.) publishes to its employees the membership of the suggestion committee (10 members, a minimum of 5 being required) that pass on their suggestions.

Another Navy policy concerns the merit determination of each suggestion. It requires that the Suggestion Committee at the different naval activities review all new suggestions to determine:

- a. Whether the suggestion has local usefulness and appears worthy of investigation.
- b. Whether the suggestion has merit and appears worthy of consideration elsewhere in the Navy or Government even though it has no local application.
- c. Whether the suggestion does not have merit and is not usable. The reasons why the suggestion is not usable should be clearly stated for transmittal to the suggester.

The problem of assessing "intangible benefits" confronts every company that has a suggestion system. These concern safety, health, welfare, morale, working conditions, changes in procedures, etc. To assess their value is extremely difficult. The Navy leaves the establishment of standards for evaluating such benefits to the local authorities. It assumes, however, "that the amount of awards recommended will vary with the relative value of the suggestions to the activity."

The impartiality of the suggestion committee can only be assured by anonymity in the submission of suggestions. So say the adherents to the policy of concealing the suggester's identity. This is achieved by having the employee retain the stub with identical number to that on the blank on which his suggestion is submitted. Communication with the anonymous suggester thereafter is usually confined to bulletin board notices. A distinct disadvantage of this system is the inherent delay attendant to investigation. If the suggester identifies himself, the investigator can contact him quickly, talk to him and be sure that he has the whole idea just as it was conceived in the mind of the suggester.

Dr. O. P. Robinson holds, however, that:¹

"The individual should have the opportunity to remain anonymous. Fear of ridicule prevents many employees from turning in valuable suggestions. If a suggestion is not practicable and is turned down, no one but the suggestion plan manager and the suggester should be concerned."

In opposition to this viewpoint Seinwerth points to the statistical results of a recent survey conducted by the National Association of Suggestion Systems to support his statement that² "there is not much question but that the completely anonymous plan...is steadily and definitely losing ground".

Additional arguments against anonymity of the suggester are the personal contacts and discussion thus afforded when awards are being presented or when suggestions are being turned down. In the case of turndowns, again quoting Seinwerth,³

"it is so much better to discuss the idea with the suggester, giving him an opportunity for rebuttal, than just to list the number on a bulletin board poster under some caption as 'not practical', 'previously considered as a result of another suggestion', etc., as is done in the anonymous plan".

The same author holds that:⁴

"It is up to the suggestion committee and department to protect the rights of the suggester and see to it that their ideas are fairly and impartially considered. If there are people in the organization whose attitudes toward the plan are so bad that the suggesters need protection against them, then for goodness sake don't cover up by sneaking the ideas in the back door. If the attitudes of such people can't be changed by 'selling' them, then discipline is in order".

The Navy requires that its suggestions be signed. The trend in this regard among suggestion plans in the various industries is definitely away from anonymous suggestions. The statistics to which

1. NASS Quarterly, v.4;1, page 7, May 1948.

2. Seinwerth, Herman W., Getting Results from Suggestion Plans, page 38

3. Ibid., p.39

4. Ibid., p.40

Seinwerth refers above to bolster his observation on this subject covered a survey of forty-three companies only seven of which still used the anonymous system. In the NASS survey of 1945 which included 70 companies, only 20% were found to be operating anonymous plans, 26% made the signature optional while 54% definitely required the signature.¹

The Navy is alert to the value of the personal contact which experienced administrators like Seinwerth consider so important. In outlining its general policies to all its activities the Navy Department has listed the following as having a "direct bearing on the development and promotion of a successful suggestion program and must be emphasized at all times:

- "a. Acknowledge all suggestions promptly.
- b. Process all suggestions promptly.
- c. Give complete and detailed information when turning down an idea.
- d. Extend fair and impartial treatment to all.
- e. Make as many personal contacts as possible.
- f. Maintain continuous employee interest through a well-planned promotional program."²

IV. The fourth of our criteria is "Pay fair awards and err on the side of liberality in case of doubt".

1. This particular aspect of the suggestion system was stressed so frequently in reviewing the literature on this subject that a large number of questions concerning it were interspersed through^{out} the questionnaire. The questions will be stated in the order in which they appeared in the questionnaire. Comment on the questionnaire returns will follow individual questions. The first of these was

1. Please list the results achieved by your suggestion system during the period covered by this report:

Number of employees _____
 Number of suggestions received _____
 Percent of suggestions adopted _____
 Total of Cash Awards paid _____
 Estimated monetary savings as result of suggestions adopted _____

1. Alger, L.J., "Suggestion Statistics", Production Series no. 165, American Management Association, p.12.

2. Navy Civilian Personnel Instructions, Instructions 25, p.13.

Mr. L. G. Alger, manager of the Suggestion System for the Firestone Tire and Rubber Company and statistician for the National Association of Suggestion Systems, has stated that it is necessary to consider only three factors in determining the relative performance of any suggestion system. According to Mr. Alger these are:¹

- "1. Participation (suggestions received per 1000 employees).
2. Percentage of adoption.
3. Average award."

This same authority continues with:²

"the rate of participation is of course the measuring stick for determining the proportion of your employees being reached through this medium. The percentage of adoptions determines the over-all quality of the suggestions received and the average award determines the value of those suggestions actually adopted."

As stated above the statistical information desired in the questionnaire was for the latest twelve-month period on which the information was available. Of the 41 companies who answered the questionnaire completely or partially, 21 of them submitted data for the calendar year 1947. Although some of these avoided the question on "estimated savings" by either leaving it blank or making some such statement as "not available" or "confidential information", they did give the total awards distributed. Sufficient data was furnished, however, so that the performance of the suggestions systems of these 21 companies can be compared with the Navy's on the above three factors.

In its statistical reports the Navy indicates its participation in the suggestion program by receipts per 100 employees instead of 1000 employees as used by Mr. Alger. The participation ratio used in the following table will be per 100 employees in keeping with the Navy's policy. To protect identity of companies in this presentation they will be indicated by numbers only. The length of time they have operated suggestion systems will be indicated.

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1. Alger, L.J., "Suggestion Statistics", Production Series no. 165, American Management Association, p. 13
 2. Ibid.

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SUGGESTION SYSTEMS - STATISTICAL REPORT

CALENDAR YEAR 1947

COMPARISON OF AVERAGES FOR 21 COMMERCIAL FIRMS WITH NAVY

Co.	Type of Business	No. Sug. Subm.	% 100 Imp.	no. Sug. Adop.	% of Sug. Adopt.	Total Awards	Ave. Award	No. yrs. syst. in operation
1	Air Transportation	9543	80.7	1900	20	27795	\$14.60	8
2	Mfg/ Chemical & Photo. Supplies	5591	59.2	1398	25	8259	5.92	10
3	Mfg. Communication Equipment	1005	40.2	202	20	15000	74.30	30
4.	Mfg. Elect. Equip	43770	29.2	13600	31	198264	14.60	42
5.	" " "	20743	25.2	7160	34.5	105962	14.80	38
6.	Elect., Medical x-ray Equipment	282	12.0	37	13	1570	42.60	10
7.	Mfg. Heavy Machinery	156	8.9	58	37	723	12.45	18
8.	Mfg. Optical Equip.	1987	32.7	700	35.2	13116	18.80	24
9.	Office Equipment	7443	32.7	1880	25.4	40281	21.40	4
10.	Petroleum	10243	11.6	3210	31.0	80471	25.00	30
11.	Photographic mat'l.	16899	99.5	3890	23.0	88145	22.70	50
12.	Mfg. Radio & Elect. Equip.	3845	32.1	1305	34.0	23648	18.10	21
13.	Mfg. rubber prod.	11303	28.9	2880	25.5	56702	19.70	30
14.	" " "	2274	12.9	614	27.0	27472	44.80	36
15.	Mfg. of Steel	426	3.6	128	30.0	4405	34.50	5
16.	Steel Fabrication	685	13.5	171	25.0	3066	17.90	22
17.	Steel Castings	3447	61.8	969	35.6	10384	10.72	5
18.	Steel Fabrication	3686	125.6	1380	37.4	10052	7.30	21
19.	Mfg. storage Batter.	277	8.7	72	26.0	3282	4.55	5
20.	Mfg. of chemicals	4943	82.2	1388	28	7000	5.05	12
21.	Mfg. rubber bearing	2663	15.2	793	29.7	32945	41.50	24
Aver.			38.3		23.2		20.60	21.2
Navy.		28029	10.6	7468	29.7	241571	32.30	

This sample of 21 companies had operated suggestion systems from 4 to 50 years with the mean "age" of the suggestion program being 21.2 years.

The average participation of the employees of the various companies was much higher than among the Navy's civilian employees. Some of the companies reported extremely high percentages of participation. Two of them had participation figures of 126.2 and 125.6 per 100 employees. A third reported 99.5 participants. The lowest figure was 3.0. The average participation for the 21 companies was 38.8 per 100 employees. This is slightly higher than the participation figure of 34.7 and 33.3 which were found in the NASS surveys of 1944 and 1945 respectively. The NASS surveys covered 70 companies embracing 2,000,000 eligible employees each of these years. The Navy's program for the calendar year 1947 was 10.6 per 100 employees or less than one-third of the participation of the 21 companies.

In the percentage of adoptions the Navy showed a slightly higher figure than the companies. The adoption percentages were 29.7 for the Navy against 28.2 for the 21 representative companies. Mr. Alger states that the

"percentage of adoptions varies slightly from year to year, ranging roughly between 22 and 26%. For the 70 companies surveyed in 1944 and 1945, the actual adoption figures for the respective years were 26.2 and 26.3 %."¹

Alger continues with

"Like the percentage of adoption the amount of award was fairly constant over the past few years, varying between \$20 and \$22 through that period. For the past year the average for all companies reporting was \$21.06 (for 1945) and in 1944 was \$21.93."²

The "average award" granted by the Navy in 1947 was \$32.30 while that of the 21 companies was \$20.60.

1. Alger, L.J., "Suggestion Statistics", Production Series no. 165
American Management Association, p. 14
2. Ibid.

The following table is a compilation of the above data concerning the suggestion programs of the 21 representative companies and the Navy for calendar year 1947 :

	21 companies	Navy
1. Participation per 100 employees	38.8	10.6
2. Percentage of adoptions	28.2	29.7
3. Average award	\$20.60	\$32.30

If all the companies which answered this question (38) are included without regard to periods covered by their reports (excluding only those giving totals for periods of 5 to 9 years) in the computations for these three factors, the participation figure is reduced from 36.7 to 34.6, the percentage of adoptions is reduced from 28.3 to 24.8 and the average award is reduced from \$20.33 to \$19.80.

As concerns the question relative to "estimated savings" one major automobile manufacturing company said in reply to the question "Never estimated. Our interests lie in the other direction of improving employee relations." Although its suggestion system is comparatively new it has paid out a yearly average in excess of \$700,000 to its suggesters since its inception. These included the war years; but even so the average award of \$36.20 to date for this vast corporation is less than that granted by the Navy in 1945 and 1947. The Navy averages for these years were \$36.40 and \$36.50, respectively.

The next question relative to liberality in suggestion awards concerned the minimum amounts paid for adopted suggestions.

The question asked was

27. What is the minimum award your company pays for accepted suggestions?

Eighteen of the companies had a \$5 minimum, seven had a \$7.50 minimum, and six had a \$10 minimum. Other minima were \$2, \$2.50, and 4 companies indicated \$3 as their minimum. One company reported a scaled minimum of \$6 for safety and convenience suggestions, \$12 for those concerning cost reduction and \$20 for those involving product improvement. The

Navy's \$10 minimum compares very favorably with the companies surveyed.

3. The next question was

18. If you have a maximum award, please state what it is.

Twenty of them stated they had no maximum. Two have a \$2500 top award, one a \$2265 limit, five gave \$1500 as their maximum, 5 others have a \$1000 top, two give \$1000 savings bonds and two have a \$500 top limit. One stated it gave "1/2 net savings for suggestions relating to manufacturing processes, otherwise a \$25 maximum. Three others limit their award to 10% of the first years savings.

Seinwerth is of the opinion that there should be no maximum award. He confesses, however, that he realizes "not all executives share this viewpoint. Many, too many, desire valuable suggestions but feel that there should be a ceiling on awards." He continues this argument with

"There is no reason why the amount of award paid should be limited or curtailed because the benefits of the suggestion are unusually large. In fact there is every reason, from a sound business standpoint, that the very opposite is true. Large awards mean large savings. A company in Cleveland paid out accumulated awards of more than \$11,000 on one basic suggestion. Another company in Chicago paid two suggestion awards of more than \$6000 each. The possibility of such large windfalls is a never-ending source of stimulation to the entire program, and of course, when one suggestion does pay off well the company and the suggestion plan both receive a vast amount of good publicity."¹

In answering the questionnaire one of the country's largest companies engaged in manufacturing electrical equipment fully agrees with Seinwerth's conviction concerning this limitation of awards. It stated in answer to this question "Have paid \$5000 -- will go higher."

There is a definite trend toward the practice of placing no maximum on awards. Although slightly less than half of the companies covered in the present survey follow this practice, 63% of the companies

1. Seinwerth, Herman W., Getting Results from Suggestion Plans, p. 61

that participated in the latest MASS survey indicated they have no maximum award. The Navy's policy of not limiting its top award is in keeping with the present trend toward "no maximum" in the various industries.

4. The next three questions in the questionnaire dealt with the labor rate used in estimating annual savings. The Navy uses a flat rate of \$1.00 per hour for labor costs in ^{estimating} savings on which to base awards. With the present fairly ^{high} wage rates of some craftsmen this seemed much too conservative a figure to use. For this reason three questions were expended in the questionnaire for the sole purpose of determining if this was common practice among the various companies. The three specific questions in order of presentation were:

20. The Navy uses a fixed hourly rate for labor cost in computing annual savings. If your company makes awards on the basis of annual savings, what system does it have for determining labor rates to use in estimating annual savings?
21. If you used a fixed hourly labor cost per man-hour for estimating savings during the period covered by this report, what hourly rate was used?
22. If the latter figure varies from one period to the next, what is the basis for its use? Rise in labor costs? Other reasons?

In answer to the first of this group of three questions the majority of answers fell in one of the two following categories:

- (1) Prevailing rate of employee affected; and
- (2) Average hourly rate of the group of employees affected with changes once each year due to new contracts signed by union and company.

Of the 36 companies answering the first question a total of 27, or 75%, used the prevailing rate of employees affected while the remaining 9 used the average hourly rate of the group of employees affected. One of these, an air transportation company, stated it used the average hourly rate of pay of all non-supervisory personnel. One meat packing firm stated it paid the actual local rate for unskilled

labor.

Only four of the 36 companies answering the second of the three questions, used a fixed hourly labor cost for estimating savings during the period covered by this report. Three of these were air transportation companies. One of these was the company cited in the preceding paragraph. The hourly figure it used was \$1.25. The second company stated it used \$1.63 for its maintenance group and that the amount for other contract groups varies. The third used \$1.64 hourly rate for its maintenance group. The fourth company engaged in manufacturing pharmaceutical chemicals, did not explain the flat labor rate it used. This latter company has a \$100 maximum award; however, it states it bases its awards on several factors other than savings.

Inasmuch as the vast majority of companies indicated their estimates were on the basis of actual labor rates of employees affected by the suggestion, the third in this group of questions was applicable to only a few companies. Such of these that answered the question gave as the basis of the variation the "rise" or "change" in labor costs.

Here again it appears that the Navy's system does not quite measure up to the standards maintained by the reporting companies with respect to labor rates used in calculating savings. By using a \$1.00 hourly labor rate the Navy is, in effect, further reducing in some cases the award for which its civilian employee can qualify. Of course a suggestion that effects a savings on a clerical or similar job that has a low salary rate will benefit by using an hourly labor rate of \$1.00 per hour, but what about the machinist that may receive from \$1.48 to \$1.60 per hour or the leadingman electrician in the Navy's employ that makes slightly over \$1.90 per hour during an eight hour day? In using the flat rate of \$1.00 on an

idea that saves the time of highly paid craftsmen such as these the suggester is placed at a distinct disadvantage in comparison with the suggester in the companies surveyed.

5. The next question was aimed at comparison of the Navy's scale of awards with the various companies. The method of estimating annual savings, whether gross or net, was also requested to get the consensus of opinion on this aspect of the award schedule. The question was as follows:

19. The Navy has four different levels for payment of awards for the annual savings indicated below. What does your company pay for the following annual savings?

\$1 to \$1000 (net or gross --cross out one) _____
 \$1000 to \$10000 (net or gross) _____
 \$10000 to \$100000 (net or gross) _____
 \$100000 or over (net or gross) _____

Thirty four of the 41 companies answered the question. Fourteen of this number, or 41%, paid 10% of the first year's gross savings. Four of these 14, however, had a \$1000 maximum award, 2 had a \$1500 maximum, and one a \$2500 maximum. Another had what amounted to a \$1500 maximum in awarding 10% gross savings the first year (not to exceed \$1000) and 5% of gross savings the second year (not to exceed \$500).

Seven of the 34 base their awards on 10% of net savings. Two of these have a \$500 maximum however. One of these specified it would pay 10% of net or 5% of gross savings, whichever was higher.

This accounts for 61% of the reporting companies which use either a 10% gross or net savings for the first year. Ten of these 21, however, have maximum awards ranging from \$500 to \$2500.

The remaining companies paid on the following bases:

1 company on 20% gross savings up to maximum of \$1000 savings bond
 1 " on 20% gross savings
 1 " on 20% net savings for first year for operators and clerks, and 15% net savings first year for foreman and mechanics.
 1 " on 16-2/3 net savings the first year up to \$1500 maximum
 1 " on 25% net savings for first year up to \$1000
 1 " on 50% net savings for first year up to \$2500

- 1 company on 50% gross savings the first year up to \$1500
- 1 " on first two months labor and material savings up to value of a \$1000 savings bond
- 1 " on (annual gross saving - $\frac{1}{2}$ tool cost) x 25%
- 1 " has no % award plan but give \$15 initial award up to \$225 maximum for prizes awarded monthly, semi-annually
- 1 newspaper publishing company that also operates radio and television stations has no award scale as yet but leaves all decisions to its committee. (The company is over 60 years old but has just recently installed a suggestion system)
- 1 with a \$100 maximum not necessarily dependent on savings
- 1 has a scaled award of 10% net up to \$1000 saving, 8% net for \$10000 savings and 2.7% for \$100000 savings.

In this category the Navy's scale of award seems to be noticeably lower in comparison with the awards permitted in the various industries. The scale is that set by Executive Order for all government departments. Nevertheless it compares somewhat unfavorably with the scale allowed by the companies surveyed.

6. The next question in this group concerned any additional awards that the companies might give their suggesters. The reason for giving such additional awards is in order that the suggester will still have some tangible evidence of the company's appreciation after the cash award has been spent. The companies were asked the following question:

27. In addition to monetary award or merchandise prize, do you give any type of medal, pin, lapel button, certificate or similar award? Yes___No___ Please state what is given.____

The Navy encourages the use of such incentives and leaves the matter of design of emblems and certificates to the local authorities. One naval activity (Naval Training Center, Great Lakes, Illinois) which the writer contacted in connection with this report gives both a Certificate of Commendation and an award pin. The pin has a small detachable numeral in it which can be changed to indicate the number of accepted suggestions to the wearer's credit. The Mare Island Naval Shipyard at Vallejo, California, has a plaque which it awards to the various departments winning its suggestion contests. Of the companies surveyed, twelve used certificates of some kind in addition to cash awards. One used a letter to the suggester from the company president.

Three used pins of different value to indicate worth of suggester's awards. A silver pin represented a prize over \$250, a gold pin a prize over \$500. Two companies gave a gold pin indicating \$100 in awards and one of these also gives a jeweled emblem for \$1000 accumulated awards.

V. The question of letting the employees know the problems on which management sought assistance was next considered. This is our sixth requisite and is as follows:

"Publicize problems on which management is thinking and ask for ideas on these problems."

1. The companies were first asked if they made a special effort to keep personnel informed at all times of the kinds of suggestions desired and the specific problems on which management seeks help. Then if so, how was this accomplished in their respective companies. The specific questions were:

2. Does your company make a special effort to keep personnel informed at all times of the kinds of suggestions desired and the specific problems on which management seeks help?
3. If the answer to 2 is "yes", how does your company accomplish it? Bulletin board notices _____
Company periodicals _____ Other means _____

The tallies showed that the majority of companies did use this means of promoting the suggestion program. Twenty-seven stated they did admit "to the rank and file" as H. C. Marmaduke says the management of the Illinois Central Railroad does, "that we don't know it all, that there are problems coming up on which we need their assistance"¹. There were some companies, however, nine to be exact, who did not present their problems to their employees. Five companies did not reply to the question.

1. Marmaduke, H.C., "The Illinois Central Suggestion System", Production Series No. 165, p. 24

The bulletin boards and company periodicals were the most popular means of disseminating this information. Other media were payroll inserts, posters, employ as group meetings, and supervisory group meetings. One company does this by daily contact with foremen. Another company utilizes a monthly suggestion system publication that is sent to every one of its employees.

The Navy encourages the use of "Thought Provokers" among its various activities. These are designed to present a specific problem for solution. It also suggests the use of bulletin board notices, blotters, payroll inserts and handbills to publicize the local problem.

The Navy Department's general policy in this regard encourages

"the submission of suggestions which have resulted in or will result in improvement or economy in the operations of the Navy through monetary savings, increased efficiency, conservation of property, improved working conditions, better service to the public, etc. These suggestions may relate to any part of the work of the Navy ..."

VI. The sixth in the list of criteria for successful operation of a suggestion plan deals with the question of fairness to the suggester. It is stated as follows:

Insist on fairness and a square deal to every suggester.

Without justice and fairness in administering the program no suggestion plan has a chance of survival. The General Electric Company² emphasizes the necessity for it with the sentence "Absolute fairness is the life of the System."

1. An attempt was made to cover the fairness aspect of the various plans quite thoroughly. Consequently another rather large group of questions was directed at the various companies. The first of this group had to do with providing assistance to potential suggesters. The question asked was:

1. Navy Department, Navy Civilian Personnel Instructions, Instruction 25, May 19, 1948, p. 50
2. NIOB, "Employee Suggestion Systems", Personnel Series No. 42, p. 43.

11. "Do you provide assistance to potential suggesters who have difficulty in 'putting their ideas on Paper'? If so, how is this done?"

The results were very much as expected. All companies provided the assistance. Either the foreman or the suggestion committee Secretary was named as the person generally responsible for rendering this assistance. In some cases the answer "any member of the suggestion committee" occurred. The company stated that it expected to inaugurate a new form which will suggest a method of writing up each suggestion. This seems like a very worthwhile idea to facilitate the submission of suggestions.

A typical naval activity (PSNS) has this to say to its civilian employee in this regard:

"If you need assistance in preparing your suggestion:
Ask your Production Committee for help, or
Ask your supervisor for help, or
Come to the Committee on Awards' Office, Door 5, Building 104,
and a member of the Committee will assist you. Assistance
may be obtained from the Committee in the preparation of
working drawings, or in procuring photographs of models or
of the finished product provided the Committee considers
either of these necessary for clear presentation of the
suggestions."¹

The Navy Department specifically states in the regulations concerning its suggestion system that

"The Navy Department Beneficial Suggestion Board in Washington undertakes to see to it that each suggestion received is carefully reviewed for possible use elsewhere in the Navy. Frequently additional use at activities other than the originating activity warrants the payment of additional awards".¹²

2. To appraise what appeared to be a very progressive attitude on the part of the Navy's suggestion plan administrators the question was asked of each company

1. Puget Sound Naval Shipyard, "Suggestion System - PSNS", p. 13

2. Navy Department, Navy Civilian Personnel Instructions, Instructions 25, May 19, 1948, p. 14

24. "Does your suggestion committee pass on to other activities of your company suggestions that might be valuable in its other branches?"

This question was followed by

25. "If the answer to 24 is yes, does additional use at other than the originating activity qualify the suggester for payment of additional awards?"

The suggestion committees in all but two of the companies did pass on valuable ideas to other branches of the company. Likewise the majority of companies reported this qualified the suggester for an additional award. Eight companies, however, definitely did not allow additional awards for use at other than the originating activity.

The Navy uses the following means for determining the value of its suggestions among its many activities:

The Material Division of the Office of the Under Secretary prepares a digest periodically which lists and briefly describes each adopted suggestion. Its readers may keep posted on latest developments in the suggestion field. More detailed information may be obtained if desired. This digest is distributed to interested activities as determined by the subject matter of the suggestions. These activities are requested to make a report of each adoption. They are further requested to give an estimate of the savings and benefits resulting therefrom. These reports form the basis for recommendations for additional awards to the suggester.

3. The next question concerned the time limit between the date of receipt of a suggestion and the date of adoption to qualify for an award. The question asked was as follows:

28. "If you have a time limit between date of receipt of a suggestion and the date by which it must be adopted to qualify for an award please state limit your company uses."

The Navy has set two years as its limit. Twenty-four of the report-

ing companies stated they had no limit. Five others had a two year limit. There were five companies who designated their time limit as one year. One had a three year limit, another a six year and still another a 10 year limit. Four companies did not answer the question.

Seinwerth explains the need for the limitation period as follows:¹

"Frequently suggestions that are turned down are later adopted. When such adoption at the later date is caused by changed conditions, then, of course, no further consideration is due the original suggester. When the latter adoption occurs without any change in the conditions relating to the application of the suggestion, and it is apparent that the idea might just as well have been adopted when originally submitted, award consideration for the original suggester is in order...
....A one-year limitation period is most generally used although some companies do go as high as 2,3,4 and 5 years, and there are a few with no limitation at all."

As seen in the above analysis of replies to this question the latter statement of the "few companies with no limitations at all" was not borne out in the present survey results. Of this sample of 37 companies that answered the question, 65% had no time limit at all. With those using a time limit the Navy's two year one appears to compare very favorably.

4. The next question was on this same subject but concerned the extension of time beyond the regular limit where experimental work or trial tests are necessary. The question asked was

29. In case you have stated a time limit in answer to 26, what do you do about suggestions that require experimental work or trial tests that might exceed this time limit?

The Navy provides for this by stating in its suggestion rules that if extensive experimental testing is required for any suggestion, this is considered as "placing it in effect". The question of qualification for award is considered when reports of completed tests are filed with

1. Seinwerth, Herman W., Getting Results from Suggestion Plans, p. 69

the Suggestion Committee. The companies surveyed to which the question would be applicable (those operating with a time limit) stated they would extend the limit as necessary to conduct the required tests.

5. One of the most controversial points in the administration of any suggestion system was the basis for the next question. It is a problem that faces every suggestion committee and often requires borderline decisions. It concerns the determination of the suggester's "normal responsibilities". The complexity of this problem has been ably expressed in the following quotation from "Suggestion Systems":¹

"We, experienced suggestion plan managers, graying with years of struggle over the problems of defining routine functions, assigned responsibility, or the employee's specific duties, will undoubtedly agree that regardless of the comprehensiveness of any set formula for the determination of eligibility, there is still much to learn about the subject and that there probably will never come a time when everyone concerned can sit back in the serene knowledge that all the diverse problems connected with it have finally been solved to the satisfaction of everyone involved."

The various companies were asked the following:

30. "Realizing that determination as to whether or not a suggestion falls within "normal responsibilities" of his job is one of the most complexing questions a suggestion activity must decide, does your committee make awards for suggestions that represent a part of the normal requirements of the duties of the suggester's position?"

Like the Navy the majority of companies do not grant awards for suggestions which represent a part of the normal requirement of the duties of the suggester's position. An unusually large number, however, of the companies surveyed, 20% in fact, did say they paid such awards. An additional 12% of them said they would pay it "if the person was below the level of foreman." Another company emphasized its policy of paying suggestions in this category with the statement: "The purpose of the program is to get employees to think about improving their own job." Another stated it would pay for such suggestions

1. National Association of Suggestion Systems, Suggestion Systems, page 24.

"if usable at other units".

A policy adopted by many companies to solve this perplexing question appears to be quite sound. It is that for the particular purpose of judging eligibility to receive Suggestion System Awards, the limits of a man's responsibility shall be set on as narrow a basis as can consistently and reasonably be established. The motive behind this reason is obvious, for since it makes more people eligible to receive awards, more suggestions are received without apparently paying a man twice for his idea, once through the Suggestion System and again as part of his salary.

6. The next questions was this:

31. If a suggestion is rejected but the idea is later adopted or put into effect, does your suggestion committee automatically reopen the original suggestion for reconsideration with a view to rewarding the original suggester?

The Navy's policy on this is that the suggestion may be reopened if the idea contained therein is later adopted or if the suggester feels that his suggestion did not receive a fair evaluation. In such instances however, it is up to the suggester to make the request for the reopening of his suggestion.

Thirty-nine of the companies surveyed answered they would reopen the suggestion. The two remaining companies denied the suggester this privilege.

7. This next question is a continuation of the last one. It is as follows:

32. If the answer to 31 is "yes", must approval of the award by the suggestion committee be within the time limit specified in 28 above?

Eighty-seven percent of those replying to the question said it would have to be within the time limit while 13% stated it would not. Five of the companies replied that action would have to be taken within one year after rejection, six set the time limit after

rejection at two years, one at three years, one at six years, and one had a ten year limit. The Navy's policy in this regard is that "Suggestions which are rejected or otherwise closed may be reopened for reconsideration at any time during the two years immediately following the date of rejection or closing action."¹

According to L. G. Alger (AMA Production Series 165) a time limit is very essential. He says, speaking of Firestone's suggestion plan,²

"When we had no time limit we found ourselves having to go back and pay for suggestions 10 or 15 years old that had not been adopted when first made. We have adopted a one year time limit feeling that if a person is sufficiently interested in his idea he will renew the suggestion within that time limit even though it has been rejected."

8. The basis of the next question had appeared to the writer as an extremely generous attitude on the part of the Navy. It was thought that here was one place the Navy's program would surely outshine those of the private firms. The question was this:

33. One of the provisions of the Navy's system is to inform each suggester of the final disposition of his suggestion even if he has meanwhile become separated from the Navy's employ. This also includes payment of awards for accepted suggestions. Does your company have any such provision?

Apparently this is a policy in fairly general usage if the industries represented in this sample can be taken as fairly exemplary of all companies operating suggestion systems. The tally showed an overwhelming tendency toward such a policy. Only three companies said they did not pursue such a policy while thirty-six replied that they did. Two of this thirty-six specified this was done "on awards only". Two companies passed the question.

9. The matter of reopening suggestions was again brought up in the next question. It was as follows:

1. Navy Department, Navy Civilian Personnel Instructions, Instructions 25, May 19, 1948, page 6

2. Alger, L.J., "Suggestion Statistics", AMA Production Series 165, page 12

35. Suppose a suggester feels his idea did not receive fair evaluation, may the case be reopened for reconsideration? If so, how is it done?

As stated in the similar question above, the Navy's policy on this is that the suggester must request the suggestion be reopened for reconsideration. As was expected practically all of the companies surveyed had the same attitude as the Navy in handling suggesters not completely satisfied with the disposition of their ideas. Only one company answered that there was no appeal after the decision had been rendered. The companies were in agreement that the suggester must request the reopening of the suggestion for reconsideration. One company specified that this must be done, however, within thirty days of notification of the decision. One of the reporting companies has a sentence in its letter of rejection from the Chairman of the Suggestion Committee as follows: "If you are not entirely satisfied with our investigation, please feel free to discuss the case with me at your convenience."

10. The last question in this group had to do with what appeared to the writer as another extremely fair policy in the Navy's program. It concerns the payment of awards to the estate of deceased suggesters. The question was:

38. The Navy has a provision for payment of awards to the estate or heirs of a suggester who should die while in its employ and whose suggestion is adopted within the legal time limit after submission. Does your company have any such provisions? Yes _____ No _____

Twenty-seven companies stated they did have such provisions and fourteen did not. Five of the latter fourteen companies however remarked as follows:

1. No specific provision but as the money is due the employee the same as wages, there is no reason why it shouldn't go to his estate; or
2. Do not have such provision but would pay the estate if the occasion arose.

The person(s) responsible for formulation of the rules governing the

Navy's Beneficial-Suggestion Program very wisely spelled out this provision so there would be no controversy if such an occasion arose.

VII. The next group of questions are aimed at the elimination of all possible delays in processing suggestions. The exact statement of this seventh in our list of criteria^{is}:

"Eliminate unnecessary delays in answering suggestions and making decisions."

"Promptness is of the essence! Nothing will dampen the enthusiasm of employees for a suggestion plan more rapidly than long delays in investigating and replying to suggestions. Management must take the necessary steps to process suggestions promptly if it is to keep faith with those employees who contribute ideas. Management cannot afford to be so busy that it has no time to review suggestions and get the good ones into effect so that the benefits will be obtained. Probably no complaint from workers and unions is more common than delays in handling."¹

This statement is from an experienced suggestion plan administrator who is considered an authority in his profession.

1. One of the first questions asked in this group concerned management's attitude toward prompt acknowledgement and if it was considered important. This was followed by another question as to what was considered by their company a suitable time limit for acknowledgement and how were acknowledgements accomplished. The questions asked were:

6. How about acknowledgements? Does the management personnel responsible for administering your suggestion program consider it important to be prompt in acknowledging suggestions?
7. If you have answered "yes" in 6, what is considered in your company as a suitable time limit for such acknowledgement? How does your company accomplish it?

The writer expected a unanimous affirmative reply to the first question but found one dissenter.

In regard to the time limit in which they considered acknowledgements should be made, practically all of the companies stated either "within one week" or "promptly". All but one company used a written

1. Seinwerth, Herman W., Getting Results from Suggestion Plans, p. 100.

acknowledgement of some kind. Only one company resorted to bulletin board notices. Three companies supplemented their written acknowledgements with immediate personal contact by an investigator. These three companies had suggestion plans that appeared to be much more progressively administered than some of the other companies included in this survey.

The Navy does not specifically direct personal contact in acknowledging suggestions. It does require the use of acknowledgement cards.

2. Some authorities hold that regular meetings of the Suggestion Committee should be held on stated days at a definite hour. Others feel that meetings should be held often enough to transact the necessary business. Whatever the policy, the Suggestion Committee meetings must be frequent enough to insure prompt processing of suggestions. The next question was designed to sample the policies of the various companies on this point. It was as follows:

4. The Navy refers to the group who adopts or rejects suggestions as its "Suggestion Committee". How often does the corresponding group in your company convene to consider suggestions?

Most of the companies (nineteen, or 47%) stated they had weekly meetings. Twelve, or 30% indicated they had monthly meetings or when the circumstances required. Five held meetings bi-weekly. The meetings in the various branch plants of one large corporation vary from two to four weeks. One company stated that its committee meets as needed, often daily. Three companies replied they had no corresponding group in their organization. One company did not answer the question.

The Navy sets no definite policy for its activities in this respect. It leaves this to the discretion of the local authorities at the various naval activities. The general statement is made in the instructions covering the suggestion program that "prompt pro-

cessing of each suggestion cannot be overemphasized".

3. The next question also concerned the committee meetings. It was

5. Do you consider frequent meetings of this Committee to expedite action on suggestions an important factor in a successful suggestion program?

All but one company answered "yes" to the question. One very successful suggestion system administrator for one of the large railroad systems added "emphatically!!" to his affirmative answer.

The Navy Department has told its local suggestion system administrators that "when it is apparent that the suggestion will require several months for evaluation and processing, the acknowledgement should so inform the suggester."¹ In determining if this was a fairly universal policy the question was asked

18. In case it is apparent the suggestion will require considerable time for evaluation and processing, is the suggester so informed in the acknowledgement?

Thirty-one companies said they did inform the suggester of the probable delay in acknowledging the suggestion. Of those who did not inform the suggester at the time seven stated that additional letters were sent subsequent to acknowledgement when required. One of the companies stated that such notification came after the personal contact of the investigator. Only two answered the question in the negative with no intimation of any report of progress to the suggester. No answer was received from one company.

4. No attempt was made in the ~~next~~ question to compare the Navy with the commercial concerns. The following statement in the Navy Civilian Personnel Instructions prompted the question. The statement is: "When it is apparent that the suggestion will require several

1. Navy Department, Navy Civilian Personnel Instructions, Instructions 25, May 19, 1948, page 8.

months for evaluation and processing, the acknowledgement should so inform the suggester. Navy-wide consideration by the Navy Department Beneficial Suggestion Board requires nine to 12 months for dissemination and assembly reports of adoptions." 1

The question asked the companies was:

9. Do you have any data on the approximate length of time required your company for disposition of suggestions after receipt? If so, what have you found this to be?

The results of the survey are presented here for such informative value as they may have. Of the 24 companies that stated an appointed time, the distribution was as follows:

DAYS	14	19	30	35	42	60	90	120	3 years
NO. OF COMPANIES	4	1	3	1	6	4	2	1	1

The median time is about five to six weeks. One company reported a "tremendous variation -- one week to three years". Another reported that "it appears that the better the suggestion the longer it takes on the average to clear it."

VIII. The next essential of the successful suggestion system is usually accomplished during the orientation period of the new employee. It is to "Explain to employees how awards are determined."

Many of the companies surveyed sent along copies of their suggestion plan pamphlets with the completed questionnaires. These were attractively colored and cleverly illustrated little books that explained the suggestion system. Some had a foreword from the company president. They all contained an appeal to the employees to cash in on their ideas. Usually they explained how a suggestion is handled from the time it is deposited in the suggestion box until its final

1. Navy Department, Navy Civilian Personnel Instructions, Instructions 25, May 19, 1948, page 8.

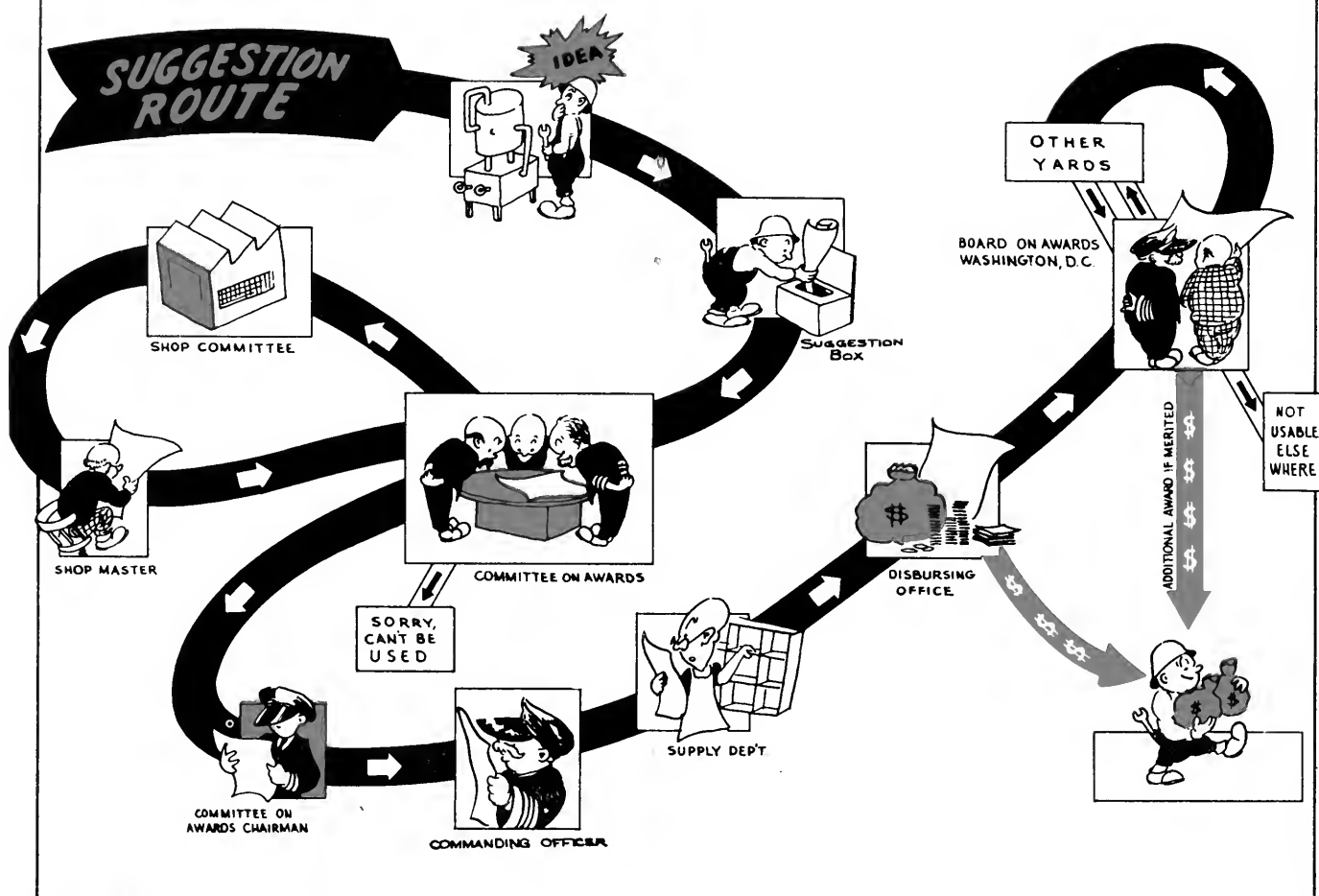
disposition. For the most part the exact procedure for computing awards was not explained. Pamphlets received from two of the nation's largest corporations, however, explained in detail the exact procedure for estimating awards. This is a very suitable subject for explanation to new employees and is quite probably explained in considerable detail to them at the time of their indoctrination period in the company.

Besides the explanation of the various points of interest in the suggestion plan the corresponding pamphlets from four naval activities either contained mention of the cash awards available or specified the various awards that would be made. The following is an example from one such naval activity (Naval Gun Factory, Washington, D.C.):

"The amount of the award shall be based on the amount of estimated annual savings for the first year of operation of the suggestion in accordance with the following table:

<u>SAVINGS</u>	<u>AWARDS</u>
\$1 - \$1000	\$10 for each \$200 of estimated savings with a minimum of \$10. for any adopted suggestion.
\$1000 - \$10000	\$50 for the first \$1000 of estimated savings and \$25 for each additional \$1000 of savings.
\$10000 - \$100000	\$275 for the first \$10000 of estimated savings and \$50 for each additional \$10000 of savings.
\$100000 or more	\$725 for the first \$100000 of estimated savings and \$100 for each additional \$100000 of savings.]

A typical "Suggestion Route" is shown in the following excerpt from the Suggestion System pamphlet from the Puget Sound Naval Shipyard at Bremerton, Washington. The "route" is not quite accurate inasmuch as award checks are now routed through the Suggestion Committee who arranges for presentation by some member of management.



1. The question of ideas the suggester desires to patent was injected into the questionnaire at this point. Payment of an award does not prevent the Navy civilian employee from applying for and obtaining a patent on his idea. It does however, give the Government the right to manufacture or to have manufactured the suggestion or invention for Government use. Such arrangement leaves all commercial and foreign rights to the suggester.

To its personnel in uniform the Navy Department has said in a dispatch in May, 1946 requesting suggestions:

Do you think your idea includes an invention. If you do, state clearly

1. What invention you claim.
2. Whether you produced the invention in the performance of duty assigned to you, and if so, whether the assignment especially required you to effect or devise new

or improved results such as you claim to have invented, etc.

"The Navy Department will initiate all further action necessary to assure inventors and the originator of beneficial suggestions of their rights and of authorized recognition or awards."

It should be remembered that in offering its services in handling details regarding an invention, this is the only possible way the Navy Department can at present assist the personnel in uniform to realize any monetary reward for their ideas.

The first question asked of the various companies to determine their stand on this question was as follows:

15. What is the procedure in your company in case an employee desires to patent his suggestion; or must he waive this right when he is employed by your company?

Seinwerth, in discussing this aspect of the suggestion program has this to say: 1

"Experience indicates that the number of patentable ideas received through a suggestion plan is quite low. One large corporation reports only one patentable idea out of every one thousand ideas adopted.

"Generally it is the practice in such cases to pay the suggester for company use of the idea through the suggestion plan. The suggestion can then be referred to the legal department who make a patent search free of charge, secure a patent if the search proves this can be done, and then work out a mutually satisfactory agreement with the suggester for patent exploitation, sharing of royalties, etc."

The policies on this question seems to vary quite radically. Of those that answered the question, twelve companies reported the employees must waive his rights to patent. One company gives a minimum award of \$50 if the company makes a patent application. Another gives the suggester an additional \$50 if the idea is patented and assigned to the company. Two others enter the patent in the suggester's name and pay him a nominal sum. Another reserves the right to patent the idea and if it does it divides any income from it with the suggester. Five companies said they would release the rights to patent an

idea where the company was not interested in patent application on it. Four companies stated they had not encountered such cases. Six stated the employee could patent his idea at his own expense. One company stated in its answer "Very little of this".

2. The next question was to determine how much the company helped the employee in case it allowed him to patent his idea. The question was:

16. If company rules allow him to patent his idea is the employee given any assistance by your legal department to insure protection of his interests?

Sixteen companies answered in the affirmative, eight in the negative, and twelve made no answer to the question. The Navy appears more liberal in this respect than most of the companies surveyed in providing legal assistance to its personnel upon submission of a suggestion that has patentable possibilities. Suggestions from civilian employees that might not be eligible for awards may be referred by the Beneficial Suggestion Board to the Judge Advocate General for determination of the propriety of filing application for letters patent in the name of the employees.

IX. The next criterion is "Follow up adopted suggestions to make sure they are actually put into effect". The Navy is quite cognizant of the importance of this essential requisite. In discussing the Navy-wide usage of suggestions the statement is made in its suggestion instructions: Every suggester who has an idea adopted looks forward to seeing it in use. One naval activity (Naval Training Center, Great Lakes, Illinois) has a follow-up form to expedite the installation of the suggestion. It contains a short description of the suggestion at the beginning of the form, and informs the responsible person that the "Commander__on__ approved the above suggestion and authorized an award for the suggester". It further requests that "the necessary work order be issued for the accomplishment of the suggestion. In the event any obstacle

arises to prevent or delay the carrying out of the suggestion, it is requested that this committee be informed." The Chairman of the Suggestion Committee signs the letter.

The employee who submits a suggestion to prevent unsafe practices or eliminate hazardous conditions at the Norfolk Naval Shipyard is likely to see his idea in operation very quickly. At Norfolk special envelopes for safety suggestions are available at each suggestion box. A suggestion goes to the Safety Superintendent for investigation and appraisal and recommendation. If it seems to have merit it is sent without delay to the cognizant Department Head via the Industrial Relations Officer. If the Department Head does not consider the suggestion necessary, he returns it to the Industrial Relations Officer with necessary comments; and he in turn investigates the suggestion and confers with the Shipyard Commander as to the action to be taken. If the Department Head agrees with the suggestion but cannot accomplish the necessary work within a week, he must notify the Safety Superintendent and furnish an estimated completion date. It is up to the Safety Superintendent thereafter to inform the Suggestion Committee when the suggestion has been placed in effect and give an appraisal of its value to the Shipyard Commander.

No questions were included in the questionnaire on this subject.

X. The next criterion concerns the very obvious necessity for advertising the suggestion plan. It is stated as follows: "Conduct a continuous advertising program that keeps the suggestion system constantly before the employees."

An extensive advertising program is absolutely essential to any suggestion program. The survey of the literature on this subject revealed some very ingenious methods used during and since the war.

A celebrated advertising campaign that had all the fanfare and suspense that accompanied the recent presentation of the new Ford automobile was the celebrated RCA "Beat the Promise Plan". The mammoth advertising program that launched the Plan, coupled with such practices as training spotlights on the suggestion boxes throughout the plant, kept the employees vividly aware of the plea for suggestions. Envious prizes such as free all-expenses-paid trips to New York, were among the awards made.

A more recent technique is described by H. C. Marmaduke. As administrator of the Illinois Central Railroad's Suggestion Plan he states they have

"introduced a quiz show plan among our employees, having them meet during the evening hours with their families and friends. We entertain them, hand out silver dollars, tell the employees' wives they are valuable because they can urge their husbands to participate. This encourages the wives to say:

'Don't come home popping off about how smart you are, what you would do if you were boss. Put in a suggestion and bring home \$100 like Bill Jones did. We need a new radio'."¹

Mr. Marmaduke says that the Illinois Central's president also takes time to sign a letter to every award winner.²

The various naval activities are given suggestions for promoting their own suggestion programs. These come from the administrator of the Beneficial Suggestion Program in the Navy Department's Office of Industrial Relations. It is then up to the different activities to carry on their own separate promotional schemes. The Office of Industrial Relations in Washington acts as an exchange center for unique

1. Marmaduke, H.C., "The Illinois Central Suggestion System", AMA Production Series No. 165, p. 24.

2. Ibid, p. 25

ideas, posters, etc., so that all naval activities may be apprised of new developments in "plugging" the program that has proved effective.

1. The questions directed at the various companies were intended to cover this important factor as thoroughly as possible. The first of these was as follows:

12. The presentation of awards in some companies is an occasion for an impressive ceremony designed to make the suggesters feel their importance to the company. If your company does this, how is it accomplished?

Pictures and write-ups in company paper_____

Stories in local papers_____

Use of public address system to broadcast award ceremonies throughout the plant_____

Official of company presents awards (if done, please state title of official)_____

Item on local radio news broadcasts_____

Other means_____

The award is usually the ultimate goal of the employee who submits a suggestion. The NASS book "Suggestion Systems" has this to say concerning their presentation:¹

"It is wise to make as much of a ceremony of its presentation as local circumstances will permit. The larger awards certainly should be presented with as much ceremony and dignity as possible. Extra large awards are usually presented with due pomp and circumstance with the aid of the biggest "brass hat" available for the purpose. Even smaller awards can be presented on a departmental basis by a general foreman or high supervisor. Exact details of such ceremonies can easily be worked out, and they give the suggester the satisfaction of receiving the personal, public recognition which means so much to all of us."

The results of the present survey bear out the policies enunciated in the foregoing quotation. In practically every case it is the foreman or employee's immediate superior that makes the award although the company's top management officials are present at the ceremony. Some companies reported presentation by the President,

1. National Association of Suggestion Systems, Suggestion Systems, p. 48.

Executive Vice President, etc., in the case of unusually large awards. In any case no matter who makes the actual presentation it was the general practice of the companies surveyed to have the employees immediate supervisor on hand at the presentation.

Seinwerth advises against the policy of "allowing the immediate supervisor to present only the small awards and the higher executives all of the larger awards."¹ He states that:

"It is desirable for top management to be present at award ceremonies when the size of the awards is outstanding but this does not necessarily mean that top management should make the actual presentations. Give this pleasant assignment to the suggester's own boss. It makes the boss feel that he is an integral part of the suggestion plan. It gives him another opportunity for pleasant, constructive contacts with his employees".

"The promotional advantages of award presentations are quite definite. If an employee is presented with an award in his department by his boss with the supervisor or general manager looking on, you can be sure that this news goes through the company by grapevine in a hurry. It's just another way of stimulating creative thinking and more suggestions."²

In their book "Personnel Management" the authors reiterate Seinwerth's statement on this promotional aspect. They say in regard to accounts of such presentations in the company papers, on bulletin boards, and elsewhere:

"The publication of the names of persons who have made suggestions is flattering to the individuals and gives favorable publicity to the suggestion program."³

This opportunity is exploited by practically every company surveyed through the use of their company papers. Many of them carry pictures of the award winners along with the accounts. Two-thirds of them also reported giving added publicity by stories passed on to local papers.

1. Seinwerth, Herman W., Getting Results from Suggestion Plans, p. 111

2. Ibid.

3. Scott, Walter Dill, Robert C. Clothier, Stanley B. Mathewson, William R. Spriegel, Personnel Management, McGraw Hill Book Co., Inc., 1941, p. 389.

A few of the companies stated the idea must be an unusually good one before authorization was given to pass it on to the local newspapers. One company posts pictures of its award winners on its bulletin boards. One company reported using local radio news broadcasts. No company reported using the public address system.

The matter of giving publicity to suggesters' ideas has its opponents, however. Karl F. Westermann in *Personnel Review*, 1942, has this to say on the subject:

Advocates of publicity say 'Publish the ideas. They help others to think, and in a measure publicity avoids duplication.' Opponents say wrangling will develop for participants will make comparisons. Remember the employee who enters a suggestion thinks his idea is the best in the world."¹

The proponents of publicity, however, far outnumber its opponents.

As regards the Navy's policy concerning the presentation of awards its only statement in its instructions for administration of the Suggestion System is the recommendation that "suggestion awards be presented with ceremony where practicable and appropriate." One naval shipyard contacted during the present survey reports that awards of \$100 or more are presented by the Shipyard Commander.

2. The next question was aimed at getting the reaction of the various companies to the use of such promotional media as were outlined in the previous question. As presented in the questionnaire it read:

13. Do you feel that such publicity (in company papers, local papers, local radio news broadcasts and presentation by important company officials) is a necessary adjunct to an already healthy suggestion program with a record of prompt and fair handling of suggestions?

1. Westermann, Karl F., "Suggestions from Workers", *Personnel Journal*, v.21:10, pp.371-372, April, 1943

Eighty percent of the companies surveyed did feel it was quite necessary. A few companies, however, seven to be exact, did not feel this promotional factor of great importance. It is interesting that the average age of the suggestion plan in the latter seven companies is slightly over six years.

The Navy Department Beneficial Suggestion Board makes outstanding suggestions available to leading trade journals. In such instances the names of the suggester, the activity and the Navy Suggestion Program are mentioned. The suggester receives directly from the publisher the regular "space rate" payment for published suggestions.

3. In the final question it was desired to see if the various companies also use this medium for giving their suggesters and their Suggestion Program added publicity. The question asked was:

14. Does your Suggestion Committee, or other agency, give added publicity to suggesters by making especially valuable ideas available to trade journals?

Less than a third of the companies publicize their suggesters' ideas in trade journals. One of these qualified its affirmative answer to the question with "except when the suggestion involves trade secrets".

XI. The last four on the list of criteria were not covered by any references in the questionnaire. The first of these is: Secure the active interest of the company president. This seems to be a very obvious requisite. Without his backing the program is doomed to failure. He heads the top management to which reference is made in the following quotation from a speech by a successful suggestion plan administrator:¹

1. Peck, C. J., "Operation Suggestion Plan at Steel Service Company", RASS Quarterly, v.3;3, p.52.

"Top management is vital in creating an effective Suggestion Plan. Its enthusiastic and outspoken backing is essential, but the concrete benefits brought about by such a plan must be evident in order to retain its interest and cooperation. Without cooperation of top management and the supervisory group you might as well close up shop!"

Outstanding examples of suggestion programs flourishing with the complete backing of the company presidents are those of the Illinois Central Railroad and United Air Lines. Concerning the Illinois Central's program its president states:

We believe that we have a better railroad since we have had an employee suggestion system and have taken into consideration the views of our employees in its conduct and operation.¹

W. A. Patterson, president of United Air Lines, is another ardent booster of the Suggestion Plan. He comments as follows:

United Air Lines long before the war recognized the fact that the worker, because he is so close to the problems of his everyday task, is often in an excellent position to advance improvements if given an outlet for his ideas. The war has tended to make this point increasingly evident.²

The Navy has the complete backing of the Secretary of the Navy and high Navy Department officials in its Beneficial Suggestion program. Evidence of the importance it attaches to the program is the designation to the Chairmanship of the Navy Dept. Beneficial Suggestion Board of the Under Secretary of the Navy.

XII. "Get the whole-hearted cooperation of the entire supervisory force" is the second of these last four essentials. The Navy experiences difficulty in this regard just as do the commercial enterprises. A continuous educational program is necessary to convince the supervisors that the suggestion program can be of immense value to them. One company does this in the following manner:

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1. Marmaduke, H.C., "The Illinois Central Suggestion System", AMA Production Series No. 165, p. 25
 2. Hilton, R.C., "Cash Profits in Suggestion Plans", Harron's, September 3, 1945, p.7

1. Group meetings small enough to bring out discussion and comments, and
2. Individual "bull sessions" with supervisors, which require a lot of time but which are beneficial".¹

One attitude that must be dispelled in the educational program is the feeling on the part of many supervisors that suggestions from men in their department are a reflection on them and indicate they have overlooked items for improvement. The supervisors should instead be impressed with the fact that the number of quality suggestions from a group is a definite compliment to that particular supervisor. Another point to be stressed is that the supervisors are key men in the promotion of the plan and they can help sell the sincerity of the company's intention more effectively than anyone else. The ability to encourage others to think is one of the most important measures of supervisory value.

XIII. The matter of "Selection of a person of broad experience, recognized ability and fairness to head the suggestion administration" is the thirteenth requirement. This must be left to the persons in authority upon whom the responsibility for choosing the suggestion plan administrator devolves. This individual must, first of all, be a firm believer in the value of the suggestion plan. He must be conscious of the importance of the individual and appreciate that handling an employee's idea is a personal trust. He must be forever aware of the fact that

"A successful Suggestion System capitalizes on two inherent psychic drives of all individuals. The first of these is the desire for mastery; the second is the feeling of self-importance. It stresses personal recognition, it never forgets that no matter how important an idea may be, the person behind the idea is more important."²

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1. Pack, C.J., Jr., "Operation Suggestion Plan at Steel Service Company", MASS Quarterly, v.3;3, September, 1947, pp.48-54.
 2. Selinwerth, Herman G., Gaining Results from Suggestion Plans, p.21.

XIV. The last of the criteria is to "Pattern the suggestion system to the individual organization". Seinerth, in discussing the problem of installing a suggestion plan in any company, outlines three possible avenues. The first of these is to hire a consulting expert to develop a plan especially adapted to the company's own situation and needs after carefully studying conditions within the organization. The second method would involve buying a ready-made plan based on generally accepted principles, but he points out that

"its major weakness is that it is not tailored sufficiently to fit the individual installation."

"Every plan must be 'tailor-made' to fit the local conditions of each company. For this reason there are definite advantages in developing and installing your own plan."¹

Another authority who is of the same opinion regarding the necessity for the custom-built plan is Montgomery R. Budd of the Hercules Powder Company. Speaking of the suggestion systems in the 20 Hercules plants he stated:

"A plan that is good in one plant is not necessarily good in another. We had had informal suggestion systems in some of our plants, but in augmenting the War Production Drive we attempted to put in a real system to meet the needs of the individual plants instead of just dusting off the system that was in operation."²

1. Seinerth, Herman W., Getting Results from Suggestion Plans, p.21

2. "Making Suggestion Systems Work: A Panel", AMA Production Series, No. 142, page 13.

CONCLUSIONS

From the results obtained in the present survey it may be inferred that as regards the fourteen essentials that have been used as a basis for comparing the Navy's Beneficial Suggestion Program with those of the companies included in the survey, the Navy's program compares, for the most part, quite favorably. The emphasis it places on fairness and justice to the suggester is at least on a par with most companies and definitely superior to others.

In the matter of award payments the minimum award the Navy allows is equal to or higher than 75% of the companies surveyed. For those suggestions resulting in fairly large savings, however, the Navy's generosity suffers somewhat by comparison with a number of the companies who pay on the basis of 10% of the first year's savings with no maximum award. Its policy of a graduated award with no maximum allows a higher award, however, than 41% of the companies covered in the present survey. The writer has made the following observation

Most companies feel the wells of worker's imagination won't push unless properly primed. If payments are too large, however, there is danger that employees will spend their time sitting around thinking up prize-winning suggestions.¹

The Navy's award plan is conservatively geared to preclude any danger to its suggestion program from this latter source.

The average adoption rate for the year 1947 was higher than the average of the 41 companies surveyed.

1. Wharton, Don, "Workers Ideas that Help Kick the Axis", Factory Management and Maintenance, v.100,12, p.178, Dec., 1942.

The average award payment was also much higher than the average paid by the companies. The Navy's average also greatly exceeded the usual MASS annual survey average of approximately \$22. If we use this yardstick to measure the quality of the suggestions upon which awards were paid, those adopted by the Navy were definitely superior to those of the companies surveyed in this respect.

The Navy's participation rate is extremely low in comparison with the sample of industry covered in this survey. It compares unfavorably also with the usual MASS survey figures. This is not due to any unusual decrease incident to the ending of the recent hostilities. As a matter of fact the participation figure was higher in 1947 in the Navy than in any of the three previous years. It almost doubled the 1946 figure. Of course many of the Navy's civilian employees perform what amount to the tasks performed by "unskilled" labor in many commercial firms.

There is also an extremely large number of clerical workers in the Navy's employ. Their jobs are routine and standardized. Ideas from them are probably few and far between. The fertile fields for suggestions ^{and} however, are the Shipyards, Naval Air Stations, and Naval and Marine Corps Supply Depots. This is borne out by the periodic reports published by the Personnel Studies and Statistics Branch of the Office of Industrial Relations. The major savings are being made by the field activities under the cognizance of either the Bureau of Ships (Shipyards), Bureau of Aeronautics and the Bureau of Supplies and Accounts.

The Navy's publicity program appears to provide for adequate media to carry on this important aspect of the Suggestion Plan. Much depends however on the amount of energy and "push" applied to maintain the enthusiasm of the employees at a high level. In the periodic reports reviewed in connection with this study, some of the naval acti-

vities evince great interest in the program while others apparently submit very few suggestions. Such conditions naturally lower the average participation figure to a considerable degree. Without enthusiastic support on the part of the management personnel responsible for the program in each naval activity the suggestion program can not retain its effectiveness. Skillfully used it can be a powerful tool in the hands of alert management. If properly handled it will not only pay for itself in reduced cost and increased production but is also a powerful influence in improving labor-management relations.

A review of the conclusions presented in the Farrel-Hirning-
in connection
ham survey may be of interest with the stimulation of employee
enthusiasm. .. It will be remembered they stated that "Com-

panies that want to improve the effectiveness of their suggestion programs should stimulate employee participation so as to receive more and better suggestions." They continued their conclusions by listing four major relationships which exist between the award policies and the effectiveness of the suggestion plans. They are:

- "1. The granting of low minimum awards, sometimes called token awards such as some companies offer for safety suggestions, tends to increase the total number of suggestions received.
2. The granting of even an occasional high award also tends to increase the number of suggestions received.
3. As the number of suggestions received increases the acceptance rate tends to increase. (Part of the increase in the rate of acceptance rate may be attributed to the granting of token minimum awards).
4. As the number of suggestions received increases the average award tends to decline. (Part of the decline may be attributed to the granting of token awards by companies receiving a large number of suggestions.)"

The first, third and fourth of these points will be considered in that order. The offering of token awards lower than the \$10 minimum now set might attract more suggestions in activities where the program

appears dormant at present.

As for increasing the acceptance rate the Navy's percentage of adoptions appears ample. The problem is to raise the number of suggestions received.

Even though the average award does tend to decline as the number of suggestions received increases, the Navy's average award can still stand a considerable drop before it even approaches that of the average of the companies surveyed or those included in the NASS annual surveys. The quality of suggestions adopted would conceivably decline, however, as the average award became lower.

Here is where the "tailoring" referred to in our final criteria must be applied. If it is desired to maintain the quality of suggestions at its present high standard it appears the higher participation rate will have to be sacrificed. If, on the other hand, the participation rate is to be raised the quality of the present suggestions will be diluted by a large number of those that warrant only token awards. In this regard, however, the following is quoted from "Suggestion Systems".¹

"Statistics . . . compiled over a number of years . . . show that the company receiving one suggestion per employee per year has every cause to feel well satisfied.

As for the percentage of suggestions adopted . . . If adoptions equal or exceed 10%, however, of the total number of suggestions received, it would seem that a reasonably good job is being done; if they run 15 or 20 percent or even more, so much the better".

What about the personnel in uniform? How much more effective could the program be with their participation on an equal basis with the civilian employees? The matter of extending the cash awards to the

1. NASS, "Suggestion Systems", p.48

military personnel however, will have to be the subject of future legislation. It has been stated in the preceding discussion many of the experienced suggestion plan administrators feel that everyone in the organization should be included in the program with the exception of executives and a few others. No law exists at present to authorize cash payments to the people in uniform. The Army, Navy and Air Force will have to petition Congress in a joint bill to effect the necessary legislation. Representatives of the three branches of the Service have conferred to seek a means for devising a suitable cash award system for the personnel ⁱⁿ uniform. So far as is known, however, no legislative proposals evolved from these conferences.

As Weinwerth has pointed out¹ and as the comments from the questionnaires in this present survey have indicated, the number of patentable suggestions that are submitted are virtually nil. This aspect of the program can practically be disregarded when comparing the possible financial return to the personnel in uniform from this source with the definite cash award now available to the civilian employee. In the spring of 1946 some far-sighted individuals of the Navy Department realized the possibilities of the value of the many suggestions that might be forthcoming by tapping the vast storehouse of experience of the officers and enlisted personnel as a result of knowledge gained during ^{and} subsequent to the recent war. It was realized that no cash awards could be paid when the appeal was made for submission of suggestions. Of course it may be contended that officers are only performing their normal duties when they introduce or suggest methods for improving any job in the Navy, whether ashore or

1. Weinwerth, Herman W., Getting Results from Suggestion Plans, p.29

afloat. It is difficult to see the justice, however, in a program where civilian and enlisted personnel are working in the same office at some shore activity doing similar work and the civilian can receive a cash award for a suggestion while the enlisted man can hope for nothing more than a commendatory letter.

Except for liberality in the higher awards levels, the fairness and justice of the Navy program toward the civilian employee leaves little to be desired. The personnel in uniform should be afforded equal opportunity to share in the monetary award authorized for the civilian employee.

In this connection Weinwerth has expressed his views on the matter of eligibility more precisely than any other encountered in this study. He states:¹

"Typically, a suggestion program attempts to reward people for contributions beyond those they might usually be expected to make. We should try to establish the eligibility rules that will best realize this objective. Usually an eligibility schedule may be compared to a pyramid: a broad base at the bottom - the non-supervisory level - where almost any suggestion is outside the normal area of the job - tapering upward to the technical and supervisory jobs, where certain suggestions for improvement may be expected. And so on to the top, where, of course, no awards will be given because of the broad sphere of activity covered by top management."

Some of the practices at different naval activities that come to light during this study are not in keeping, however, with the general practices in the various industries. The matter of hourly labor rates used for computing savings on which to base awards does not appear favorable to the workers from whom it appears the majority of the present suggestions are coming. There may be some very sound reasons for this practice of which the writer has no knowledge, but on the surface it does appear such reasons might be worthy of review.

1. Weinwerth, Herman W., "Suggestion Plans - The value to the Personnel Program", AMA Production Series No. 165, p. 10.

Although the general practice of most of the naval activities is not known, it is apparent from communications received from some of those contacted during this survey that the senior officer at the activity makes the presentation of some of the awards. In one activity these must be \$100 or greater to warrant presentation by the senior officer. These cases may be isolated ones, but if not and such practice is fairly general, it is in contravention to the practices of the majority of companies covered in this survey. (see page 51). It would be interesting to see if enthusiasm for the suggestion program is increased over a period of years after all naval activities have brought the suggester's supervisor or foreman into the award presentation picture. He should be the one to make the presentation with the top management officials giving the occasion the stamp of importance by their attendance.

The payment of awards to the suggester before the idea is actually put into operation is practiced by some naval activities. No reference to this question could be found in the Navy Department instructions concerning the suggestion program. The importance to the suggester of seeing his idea in operation has been discussed in the preceding pages. This may be another case where it has proved that it is wiser to pay the suggester and expect the installation of the idea within a reasonable time rather than to delay payment to the suggester. The general practice in commercial concerns, however, is to pay the awards after the suggestion is in operation. This was indicated both in review of the literature and in statements

from the questionnaire.

The personal contact is considered a vital necessity in many of the commercial suggestion programs. This is afforded both in making acknowledgements and in easing the disappointment to the suggester if his idea is turned down. Although it is realized it is not desirable to have too many directives in administering the suggestion program, we do seem to be missing an excellent opportunity for improving our overall industrial relations program by not requiring personal contact incident to both of these occasions.

SUMMARY

An attempt has been made in this study to make a comparison of the Navy's Suggestion Program for its civilian and military personnel with those of a group of representative corporations and companies. The consensus of policies of these 41 companies has been compared with the Navy's policies on various aspects of the Suggestion Program.

The review of the literature disclosed various criteria specified by different suggestion plan administrators for successful operation of such a system. A list that included the points on which there was general agreement was chosen for the yardstick by which to make the comparison. A questionnaire was distributed to 51 companies who were known to have suggestion plans in operation. The questions were designed to cover the criteria upon which there was less agreement and to gauge the divergence between the Navy's policies and those of the various companies on the parts of the questionnaire impinging on each of these criteria.

The results of the survey showed that the Navy's program compares very favorably with those of the civilian companies. Its participation rate is not as high as the average of the companies surveyed. Its average award is much higher than that of the 41 companies, thus attesting to the superior value, by the standards for determination of such prescribed by Alger (page 22), of the Navy's adopted suggestions. Its minimum award is equal to or higher than 75% of the companies surveyed. It has no maximum award. Its award scale is regu-

lated by an Executive Order applicable to all Government departments.

It is quite apparent that the Navy Department's administrative staff is well aware of all the essentials the experienced suggestion plan managers in the business world know are necessary to make the program "click". Continued cooperation of its many field activities appears to be the prime necessity for maintaining the effectiveness of the Navy's suggestion plan.

A program that has proven its value many times over to the civilians employed by the Navy can be made much more effective by extending it to the personnel in uniform. The wisdom of including the maximum number of employees in any organization in the suggestion plan has been emphasized innumerable times by experienced suggestion plan administrators. The participation of the personnel in uniform is invited but no legal basis for payment of cash awards to them exists at present. The most they can hope for is a letter of commendation, or, in extremely rare instances, some monetary return on an invention. Legislation to correct this situation and provide for a program similar to that for the civilian employees should be enacted as soon as practicable. The Armed Services should press their efforts to tap the immense "wells of imagination" at their disposal that need only financial priming to make them gush. The ideas are there. With the incentive the commercial firms have found to be most effective -- the cash award -- they will be forthcoming.

A P P E N D I X

1. Letter of transmittal that accompanied
the questionnaire.
2. Questionnaire.

NORTHWESTERN UNIVERSITY
Department of Naval Science
Evanston, Illinois

JUN 19 1948

The Navy is interested in comparing its own Suggestion System for its civilian employees with those of prominent corporations and companies operating successful systems. As a special assignment for the Navy as part of a graduate training program at Northwestern University I am conducting this survey.

To assist in making this evaluation I am enclosing herewith a list of questions. Many of these may be answered by checking "yes" or "no". Others require brief remarks. I want to assure you that the data provided will be kept strictly confidential and only the tabulated results of all companies will be revealed. No company names or means of identifying them will be included in the survey report. The Navy's system is comparatively new and the data you submit will be extremely useful in evaluating the effectiveness of our suggestion program.

Two copies of the questions are enclosed. The additional one is for your files should you desire it. Will you please fill in one copy and return it in the enclosed self-addressed envelope? Your cooperation will be greatly appreciated.

Sincerely yours,

F. J. Boston,
Commander, U. S. Navy

Information in this questionnaire is desired for the latest 12-month period on which you have the desired information.

Name of company _____
 Nature of business _____
 Period covered by this report: _____ to _____
 How long have you had a suggestion system? _____

1. Please list the results achieved by your suggestion system during period covered by this report:

Number of employees _____
 Number of suggestions received _____
 Percent of suggestions adopted _____
 Total of Cash Awards paid \$ _____
 Estimated monetary savings as result _____
 of suggestions adopted \$ _____

2. Does your company make a special effort to keep personnel informed at all times of the kinds of suggestions desired and the specific problems on which management seeks help?
 Yes ___ No ___

3. If the answer to 2 is "yes", how does your company accomplish it?
 Bulletin board notices _____
 Company periodicals _____
 Other means _____

4. The Navy refers to the group who adopts or rejects suggestions as its "Suggestion Committee". How often does the corresponding group in your company convene to consider suggestions?

5. Do you consider frequent meetings of this committee to expedite action on suggestions an important factor in a successful suggestion program? Yes ___ No ___

6. How about acknowledgements? Does the management personnel responsible for administering your suggestion program consider it important to be prompt in acknowledging suggestions?
 Yes ___ No ___

7. If you have answered "yes" in 6, what is considered in your company as a suitable time limit for such acknowledgment?
 _____ How does your company accomplish it?

8. In case it is apparent the suggestion will require considerable time for evaluation and processing, is the suggester so informed in the acknowledgment? Yes ___ No ___

9. Do you have any data on the approximate length of time required in your company for disposition of suggestions after receipt? If so, what have you found this to be? _____

10. What procedure has your company for informing a suggester whose identity is known that his suggestion has been rejected?
 Letter _____ Personal contact _____
 Letter and personal contact _____
 Posted on bulletin board _____
 Other means _____
11. Do you provide assistance to potential suggesters who have difficulty in "putting their ideas on paper"? Yes ___ No ___
 If so, how is this done? _____
12. The presentation of awards in some companies is an occasion for an impressive ceremony designed to make the suggesters feel their importance to the company. If your company does this, how is it accomplished?
 Pictures and write-ups in company paper _____
 Stories in local papers _____
 Use of public address system to broadcast award ceremonies throughout plant _____
 Official of company presents awards (if done, please state title of official) _____
 Item on local radio news broadcasts _____
 Other means _____
13. Do you feel that such publicity and presentation of awards by important company officials are necessary adjuncts to an already healthy suggestion program with a record of prompt and fair handling of suggestions? Yes ___ No ___
14. Does your Suggestion Committee, or other agency, give added publicity to suggesters by making especially valuable ideas available to trade journals? Yes ___ No ___
15. What is the procedure in your company in case an employee desires to patent his suggestion, or must he waive this right when he is employed by your company? _____
16. If company rules allow him to patent his idea is he given any assistance by your legal department to insure protection of his interests? Yes ___ No ___
17. What is the minimum award your company pays for accepted suggestions? _____
18. If you have a maximum please state what it is. _____

19. The Navy has four different levels for payment of awards for the annual savings indicated below. What does your company pay for the following annual savings?
- \$1 to \$1000 (net or gross -- cross out one) _____
- \$1000 to \$10000 (net or gross) _____
- \$10000 to \$100000 (net or gross) _____
- \$100000 or over (net or gross) _____
20. The Navy uses a fixed hourly rate for labor cost in computing annual savings. If your company makes awards on basis of annual savings what system does it have for determining labor rates to use in estimating annual savings? _____
21. If you used a fixed hourly labor cost per man-hour for estimating savings during period covered by this report, what hourly rate was used? _____
22. If the figure given in answer to 21 varies from one period to the next what is the basis for its use? Rise in labor costs _____
Other reason(s) _____
23. If your company makes awards on the basis of contemplated savings the first year, does your suggestion committee make periodic reviews of adopted suggestions to compare actual savings with estimated savings on which initial award was based with the object of increasing the award if original estimate was too low? Yes___ No___
24. Does your suggestion committee pass on to other activities of your company suggestions that might be valuable in its other branches? Yes___ No___
25. If the answer to 24 is "yes", does additional use at other than the originating activity qualify the suggester for payment of additional awards? Yes___ No___
26. Is a company executive who makes a great money-saving suggestion rewarded in the same manner as any other company employee? Yes___ No___ If not, what sort of recognition is he given? _____
27. In addition to monetary award or merchandise prize, do you give any type of medal, pin, lapel button, certificate or similar award? Yes___ No___ Please state what is given? _____

28. If you have a time limit between date of receipt of a suggestion and the date by which it must be adopted to qualify for an award please state limit your company uses. _____
29. In case you have stated a time limit in answer to 28, what do you do about suggestions that require experimental work or trial tests that might exceed this time limit? _____

30. Realizing that determination as to whether or not a suggestion falls within the "normal responsibilities of his (the suggester's job" is one of the most complexing questions a suggestion activity must decide, does your committee make awards for suggestions that represent a part of the normal requirements of the duties of the suggester's position? Yes___ No___
31. If a suggestion is rejected but the idea is later adopted or put into effect, does your suggestion committee automatically reopen the original suggestion for reconsideration with a view to rewarding the original suggester? Yes___ No___
32. If the answer to 31 is "yes", must approval of the award by the suggestion committee be within the time limit specified in 28 above? Yes___ No___
33. One of the provisions of the Navy's system is to inform each suggester of the final disposition of his suggestion even if he has meanwhile become separated from the Navy's employ. This also includes payment of awards for accepted suggestions. Does your company have any such provision? Yes___ No___
34. A large organization like the Navy has at times experienced difficulty with suggestions not reaching the suggestion committee although employees claim to have submitted them. Perhaps you have had the same difficulty. What have you found to be the most effective means to insure suggestions won't be "lost in the shuffle"? _____

35. Suppose a suggester feels his idea did not receive fair evaluation, may the case be reopened for reconsideration? Yes___ No___
If so, how is it done? _____

36. Are any members of your organization specifically barred from participation in your employee suggestion program?

Yes ___ No ___

37. If you have answered "yes" to 36, please state who is barred and basic reason for so doing. _____

38. The Navy has a provision for payment of awards to the estate or heirs of a suggester who should die while in its employ and whose suggestion is adopted within the legal time limit after submission. Does your company have any such provision?

Yes ___ No ___

Remarks: _____

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